COMMERZBANK

Annual Report

1986

COMMERZBANK Highlights

Parent Bank

at year-end	1986	1985
Total assets	DM90,807.0m	DM82,606.9m
Total lending	DM55,127.2m	DM50,251.8m
Capital and reserves	DM 4,296.6m	DM 3,336.2m

Dividend paid per DM50 nominal share	DM9.00	DM8.00
Tax credit (in addition to cash dividend)	DM5.06	DM4.50

Group[1)]

in DM m, at year-end

Assets	1986	1985
Cash reserves	4,178	3,209
Cheques, collection items	483	553
Bills of exchange	2,477	2,188
Claims on banks	40,402	37,479
Treasury bills	2,118	2,038
Bonds and notes	9,850	9,746
Shares	837	1,024
Loans and advances to customers	82,660	76,422
a) at agreed periods of less than four years	(29,381)	(29,020)
b) at agreed periods of four years or more	(53,279)	(47,402)
Investments	1,523	979
Land and buildings	733	698
Other assets	2,889	2,888
Total Assets	148,150	137,224
Net income for the year	408	346

Branches	881	882
Customers	2,761,700	2,663,200
Staff	25,653	24,154

in DM m, at year-end

Liabilities and Shareholders' Equity	1986	1985
Liabilities to banks	39,208	36,632
Customers' deposits	59,180	54,833
a) demand deposits	(14,310)	(13,837)
b) time deposits	(30,646)	(28,678)
c) savings deposits	(14,224)	(12,318)
Bonds outstanding	40,324	37,774
Other liabilities	4,270	3,950
Capital and reserves[2)]	4,869	3,808
a) share capital	(1,038)	(887)
b) reserves	(2,834)	(2,024)
c) profit-sharing certificates outstanding	(425)	(425)
d) reserve arising from consolidation[3)]	(516)	(425)
e) minority interests[4)]	(56)	(47)
Consolidated profit	299	227
Total Liabilities and Shareholders' Equity	148,150	137,224
Endorsement liabilities	2,566	2,347
Business volume	150,716	139,571
Guarantees	9,720	9,995

[1)] for complete Consolidated Annual Accounts see pages 70 to 73;
[2)] 1986: DM4,908m (1985: DM3,860m) after allocation of funds decided upon at AGMs of consolidated companies;
[3)] in accordance with Section 331 (1) 3 of the German Stock Corporation Act–AktG (cf. page 67);
[4)] excluding attributable share of profits.

1986 performance of the Commerzbank share

	year-end, 1985:	DM367.00
High:	April 17, 1986:	DM380.00
Low:	Feb 27, 1986:	DM269.50
	year-end, 1986:	DM310.00

(Frankfurt stock exchange spot quotations for DM50 nominal share)

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

Austria	Vienna (since 1972)
Belgium	Antwerp, Brussels (since 1973)
France	Paris (since 1971)
Japan	Tokyo (since 1986)
Luxembourg	Luxembourg (since 1974)
Netherlands	Amsterdam (since 1974)
Switzerland	Basle, Bern, Geneva, Lausanne, Zurich (since 1973)
United Kingdom	London (since 1962)

Highlights of Commerzbank's history

1870:	Founded as "Commerz- und Disconto-Bank in Hamburg", Hamburg.
Jan 1, 1952:	Balance sheet date for first DM accounts to be published by Commerzbank's regional post-war successor institutions.
July 1, 1958:	Post-war successor institutions re-merged in Düsseldorf into Commerzbank AG.
since 1970:	Centralization of all departments in Frankfurt.

COMMERZBANK Highlights
Parent Bank and Group

Supplement: The Economic Scene 1986/1987

Annual Accounts and Report for the Year 1986

COMMERZBANK

AKTIENGESELLSCHAFT

Headquarters

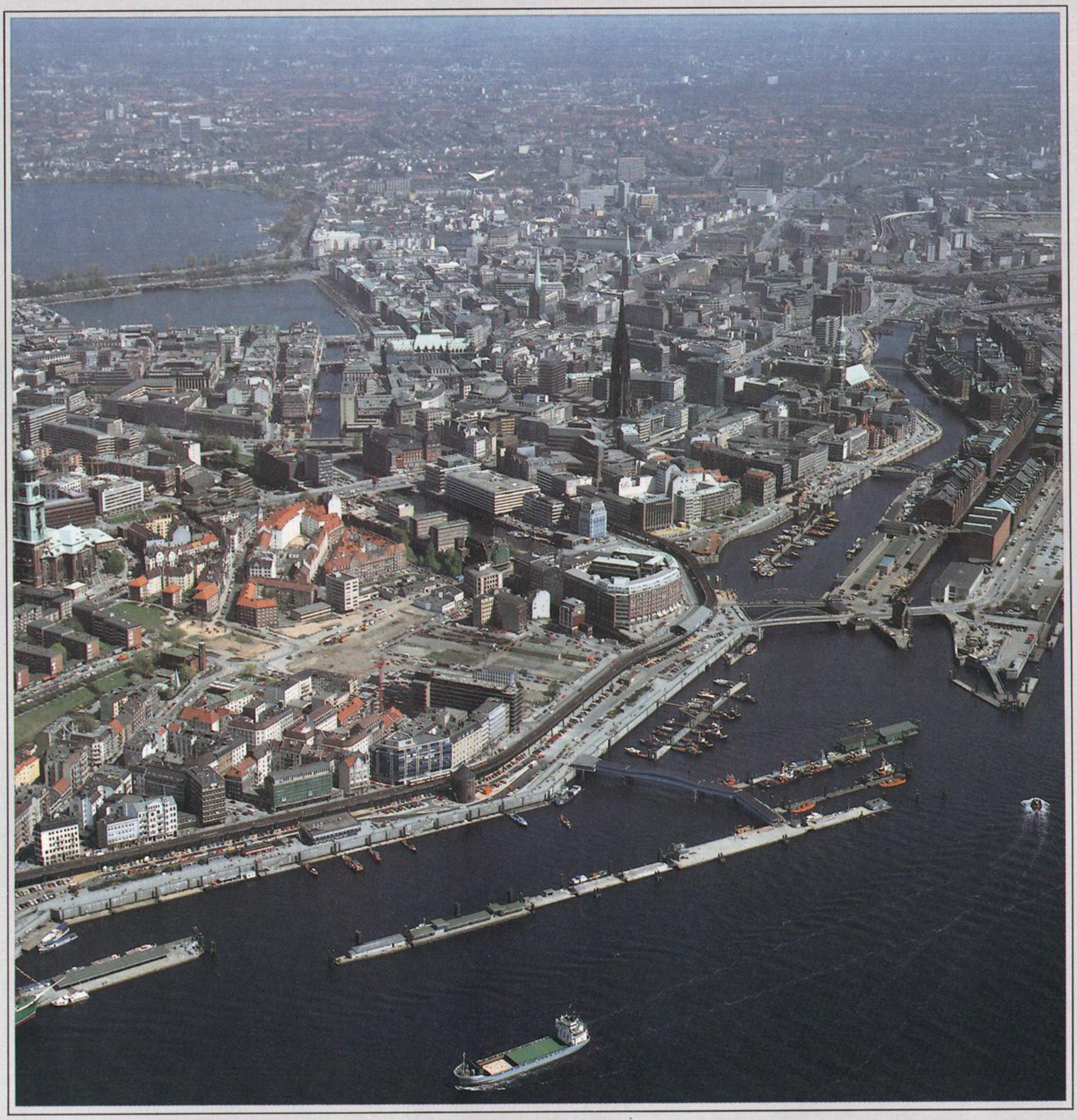
Frankfurt	32-36 Neue Mainzer Strasse, D-6000 Frankfurt, Telephone (069) 13621, Telex 4152530
Düsseldorf	25 Breite Strasse, D-4000 Düsseldorf, Telephone (0211) 8271, Telex 8581381
Hamburg	7-9 Ness, D-2000 Hamburg, Telephone (040) 361311, Telex 212391
	All International Departments are in Frankfurt.

Contents

As in previous years, our Annual Report is available in German, English, and French. In addition, we can supply our Report in all three languages in microfiche form. If you wish to receive it like this, please contact us under one of the addresses given opposite (att. Economic Research and Corporate Communication Dept.).

ISSN 0414-0443

Note: throughout this Report, the term "billion" (bn) represents "1,000 million" (m).



HAMBURG

Commerzbank's 1987 Annual General Meeting will take place on May 22 in Hamburg's Congress Centre where shareholders will be informed of the Bank's 1986 performance and expectations for the current year.

Commerzbank is especially pleased to be holding this year's AGM in the old Hanseatic city. For one thing, many of the Bank's long-standing shareholders live in the Hamburg area; but, above all, because it was founded there in 1870 as the Commerz- und Disconto-Bank. Recognizing the advantages for commerce in Hamburg of such an initiative, Hanseatic merchants and prominent private bankers set up the Bank with a capital of 10 million banco-marks.

Right up to the present, Hamburg has remained a focal point of the Bank's business operations. Overall in the greater Hamburg area, about 2,200 staff are active in 65 branches, on behalf of more than 200,000 customers.

To our shareholders,

During the growth phase of the past three years, the Parent Bank's business volume went up from DM69bn at end-1983 to DM93bn at the end of last year, and that of the Commerzbank Group from DM116bn to DM150bn over the same period. Pursuing on principle an earnings-oriented strategy, we steered a course enabling us to avail ourselves of the opportunities which arose at home and abroad to secure our market position and explore new openings.

Even stronger expansion than in our business volume has been registered in recent years by our activities in the customer service field which are hardly reflected in the Bank's balance sheet, but quite predominantly in our commission earnings. With the latter netting just under DM900m last year, we achieved a result that was nearly 50% up on only three years earlier. Given the upsurge of international share prices, the strongest advance was attained in the securities sector with its intensive counselling needs. By means of innovative ideas, and supported by our Bank's placement power, we were also able to keep well abreast of the dynamic trend worldwide in the syndication field.

Overall, these successes went hand in hand with a marked increase in our outlays on personnel and technology. At end-1986, the Bank had 22,539 employees, 3,171 more than three years previously. To a large extent, we have recruited and trained young people–a forward-looking personnel policy which we expect to produce positive results in the years to come. The same applies to the–now very advanced–installation of computer terminals at workplaces throughout the branch network and in the departments at our head office.

To enable our Bank to expand in this way and to assert our position as one of the major German "universal" or all-purpose banks in the international arena, we have considerably reinforced the equity capital base–partly through our own efforts, by making profit allocations to reserves, but in larger measure through the issue of profit-sharing certificates and new shares. As a result, the liable funds of the Commerzbank Group have gone up by roughly DM2bn to DM4.9bn between end-1983 and the present. Our shareholders are benefitting from the Bank's improved earnings power in the form of a dividend which has climbed from DM6 per share in 1983 and DM8 in 1985 to the currently proposed DM9. Accordingly, holders of profit-sharing certificates are to receive a 9.75% interest payout for 1986.

The Parent Bank's share capital, which now stands at DM1.04bn, is in the hands of about 160,000 shareholders–20,000 more than at the start of 1984. Their large number is a guarantee for the independence of our Bank, too.

A shareholder survey carried out in mid-1986 involving depository banks in West Germany and abroad, and covering a good 95% of the share capital, revealed that private individuals now represent 57% of the total, as against 59% in 1984. Institutional and corporate investors have moved up by 2% to 43%. Roughly half the capital is held by investors with a maximum of 1,000 shares. The number of Commerzbank shareholders among our employees has increased to about 18,000.

In recent years, non-residents have displayed growing interest in our shares, their engagement mounting from 25 to almost 32%. Foreigners' holdings are concentrated in those countries where Commerzbank shares are officially quoted on the stock exchange; recently, Tokyo joined this group. Four-fifths of our non-domestic shareholders are private individuals, and the rest are financial institutions and insurance companies.

So that, in the future as well, we can adopt a business policy which allows us both to react flexibly to the challenges of the market and to make responsible use of opportunities for growth, we propose that the AGM authorize the Board of Managing Directors to effect two fund-raising measures at its discretion: a rise of up to DM200m nominal in the Bank's share capital, as well as the issue of bonds with warrants in a nominal amount of up to DM300m. Both authorizations are to be valid for a maximum period of five years.

This year we invite our shareholders to Hamburg for our Annual General Meeting. The subsequent AGMs will be held in Frankfurt on May 26, 1988, in Düsseldorf on May 30, 1989, in Frankfurt on May 18, 1990 and in Munich on May 29, 1991.

March 1987

Chairman of the Supervisory Board

Chairman of the Board of Managing Directors

35th Annual General Meeting

Notice is hereby given that
the **35th Annual General Meeting**
of shareholders of Commerzbank AG
will be held at the
Congress Centre Hamburg (CCH)
Am Dammtor, Hamburg,

at 10.30 a.m. on Friday, May 22, 1987.

Agenda

1
To consider the Bank's established Annual Accounts, the Report of its Board of Managing Directors, and the Report of its Supervisory Board, together with the Consolidated Annual Accounts and the Group Report for the year ended December 31, 1986.

2
To resolve on the appropriation of the distributable profit.

The Board of Managing Directors and the Supervisory Board propose that the distributable profit of DM228,224,202 achieved in the financial year 1986 be appropriated as follows:

to use that part of the profit which shareholders are entitled to claim under Section 58 (4) of the German Stock Corporation Act (AktG), viz. DM186,786,702,

for the payment of a dividend of DM9 per share of DM50 nominal on the share capital of DM1,037,703,900 as of December 31, 1986.

Pursuant to Section 23 (2) of the Bank's statutes and to the conditions of issue of the profit-sharing certificates launched by the Bank in 1985 to a total nominal value of DM425,000,000, the holders of these certificates are entitled to receive from the year's profit a payment for 1986 of 9.75% of the certificates' face value, corresponding to a total to be distributed of DM41,437,500.

3
To approve the actions of the Board of Managing Directors during the financial year 1986.

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

4
To approve the actions of the Supervisory Board during the financial year 1986.

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

5
To authorize the Board of Managing Directors to increase the Bank's share capital (authorized capital increase) and to amend its statutes accordingly.

The Board of Managing Directors and the Supervisory Board propose that the following be resolved:

a) to authorize the Board of Managing Directors to increase, upon prior agreement by the Supervisory Board, the share capital of the Bank by April 30, 1992 through the issue of new shares against cash, in either one or several tranches, by a maximum amount of DM200,000,000 and for any such measure to exclude shareholders' subscription rights to the extent necessary to provide holders of Commerzbank warrants with such share subscription rights as would be accruing to them upon the exercise of their warrant options; in addition, any fractional amounts of shares resulting from the subscription ratio can be excluded from shareholders' subscription rights,

   and to authorize the Supervisory Board to amend section 4 of the Bank's statutes to reflect the extent to which this authorized capital increase will be used.

b) to amend section 4 of the Bank's statutes to reflect the resolution adopted under item (a) above.

6
To authorize the Board of Managing Directors to approve the issue of bonds with warrants, to resolve on a conditional increase of the Bank's share capital, and to amend its statutes accordingly.

The Board of Managing Directors and the Supervisory Board propose the following motions:

a) to authorize the Board of Managing Directors to issue by April 30, 1992

a total of up to DM300,000,000
of bonds with warrants, interest on which is to be paid annually in arrears. Shareholders' subscription rights will be excluded to the extent necessary to provide holders of Commerzbank warrants with such subscription rights for bonds with warrants as would be accruing to them upon the exercise of their warrant options. Any fractional amounts of bonds with warrants resulting from the subscription ratio would also be excluded from shareholders' subscription rights.

The bonds will be issued as bearer bonds with a minimal face value of DM1,000, or multiples thereof. Attached to each bond will be bearer warrants entitling their holders to subscribe to shares of Commerzbank AG, with each DM1,000 nominal of the bonds to be endowed with warrant options for a maximum of six DM50 nominal shares. The price to be paid for one such share in exercising the option (the option-based share subscription price) will correspond to the average price – minus a maximum 20% discount – officially quoted for the Commerzbank share on the Frankfurt stock exchange at mid-session over the ten bourse trading days preceding a resolution on the issue of the bonds with warrants.

With the exception of certain suspension periods to be specified in the conditions of the share option offering, it will be possible to exercise the option rights over a period starting one month after the issue of the bonds with warrants and ending with the bonds falling due.

The option-based share subscription price will be reduced so as to take account of the respective calculatory value of any subscription rights that may result from future issues of shares, or of bonds involving conversion or option rights – unless the warrant holders are offered subscription rights corresponding to those of the shareholders.

The Board of Managing Directors will be further authorized to determine the other details relating to the issue and the terms of the bonds with warrants, especially the former's date of issue, their maturity, their coupon, and their price, as also the option-based share subscription price and all other details relating to exercising the option.

b) to authorize the Board of Managing Directors
– to increase the bank's share capital by up to DM90,000,000 through the issue of up to 1,800,000 DM50 nominal shares conditional upon their being offered for subscription to the holders of the warrants attaching to the DM300,000,000 maximum of bonds to be issued by April 30, 1992,
– and to determine the other details relating to the effecting of the conditional capital increase,

and to authorize the Supervisory Board to amend section 4 of the Bank's statutes according to the use that will eventually be made of this conditional capital increase and to effect all other amendments to the statutes that may be required in the process of issuing such shares for subscription.

c) to amend section 4 of the Bank's statutes to reflect the resolution adopted under item (b) above, stating that the DM90,000,000 conditional capital increase is only to be effected to the extent that the holders of the warrants attached to such bonds as may be issued by the Board of Managing Directors under the above authorization of May 22, 1987 exercise their option rights.

To authorize the Board of Managing Directors to postpone the entry into the commercial register of the amendment to the Bank's statutes that will become necessary because of the issue of bonds with warrants until such an issue is actually intended.

7
To appoint the Auditors for the financial year 1987.

The Supervisory Board proposes that Treuarbeit Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Berlin/Frankfurt, be appointed auditors for the current financial year.

Supervisory Board
(Aufsichtsrat)

PAUL LICHTENBERG
Frankfurt/Düsseldorf
Chairman

HANS-GEORG JURKAT
Cologne
Commerzbank AG
Deputy Chairman

KARIN BEHRENS
Berlin
Berliner Commerzbank AG

REINHOLD BORCHERT
Bonn
Commerzbank AG

HEINZ-WERNER BUSCH
Oberhausen
Commerzbank AG
Association of German Bank Clerks

DR. ROLF DARMSTADT
Frankfurt
Commerzbank AG

BRIGITTA DORN
Frankfurt
Commerzbank AG

HANS-JOACHIM FUHRMANN
Frankfurt
Commerzbank AG

DR. UWE HAASEN
Stuttgart
Chairman of the Board of Managing Directors
of Allianz Lebensversicherungs-AG, and
Member of the Board of Managing Directors
of Allianz AG Holding

PROFESSOR
DR.-ING. DR. h.c. KURT HANSEN
Leverkusen
Honorary Chairman
of the Supervisory Board of Bayer AG

DR. HEINZ KRIWET
Duisburg
Chairman of the Board of Managing Directors
of Thyssen Stahl AG, and
Member of the Board of Managing Directors
of Thyssen AG
vorm. August Thyssen-Hütte
until March 20, 1986

FRITZ LOSUKOW
Frankfurt
Commerzbank AG

DR. OTTO RANFT
Offenbach/Main
Member of the Supervisory Board
of Hoechst AG

WERNER RINKE
Essen
Barrister
until May 23, 1986

TONI SCHMÜCKER
Wolfsburg
Member of the Supervisory Board
of Volkswagen AG

HONORARY SENATOR
PROFESSOR DR. MATTHIAS SEEFELDER
Ludwigshafen
Chairman of the Supervisory Board
of BASF AG

HANS-GEORG STRITTER
Düsseldorf
Secretary for Banking Section and Member
of the National Executive Committee
of the Commercial, Banking, and Insurance
Workers' Union (HBV)

DR.-ING. HANNS ARNT VOGELS
Ottobrunn
Chairman of the Executive Board
of MBB Messerschmitt-Bölkow-Blohm GmbH

RUDOLF WEINGÄRTNER
Hamburg
Member of the National Executive Committee
of the Salaried Employees' Union (DAG)

DIPL.-ING. HEINRICH WEISS
Hilchenbach and Düsseldorf
Chairman of the Board of Managing Directors
of SMS Schloemann-Siemag AG
since March 21, 1986

DR. GERD WOLLBURG
Augsburg

WOLFGANG ZIEMANN
Essen
Member of the Board of Managing Directors
of Rheinisch-Westfälisches Elektrizitätswerk AG
since May 23, 1986

Advisory Board
(Verwaltungsbeirat)

KURT ALBERTS
Essen
Member of the Board of Managing Directors
of Karstadt AG

DR.-ING. BURCKHARD BERGMANN
Essen
Member of the Board of Managing Directors
of Ruhrgas AG

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

DR. HEINZ HORN
Essen
Chairman of the Board of Managing Directors
of Ruhrkohle AG

DR. WOLFGANG JAHN
Meerbusch-Büderich

DR. HANS-JÜRGEN KNAUER
Mülheim (Ruhr)
Chairman of the Board of Managing Directors
of Stinnes AG

PROFESSOR DR. CARL HEINRICH KRAUCH
Marl
Chairman of the Board of Managing Directors
of Hüls AG

DR. HEINZ KRIWET
Duisburg
Chairman of the Board of Managing Directors
of Thyssen Stahl AG, and
Member of the Board of Managing Directors
of Thyssen AG
vorm. August Thyssen-Hütte
since March 21, 1986

DR. WOLFGANG LAAF
Düsseldorf
Member of the Board of Managing Directors
of Feldmühle Nobel AG

ROLF LEISTEN
Cologne
Member of the Board of Managing Directors
of Kaufhof AG
since January 1, 1987

DR. GERHARD LIENER
Stuttgart
Member of the Board of Managing Directors
of Daimler-Benz AG

HONORARY SENATOR
DIPL.-ING. DR. HELMUT LOHR
Stuttgart
Chairman of the Board of Managing Directors
of Standard Elektrik Lorenz AG

DR. JÖRG MITTELSTEN SCHEID
Wuppertal
Lawyer
General Partner in Vorwerk + Co.

RUDOLF AUGUST OETKER
Bielefeld

FRIEDRICH ROESCH
Cologne
Member of the Supervisory Board
of Kaufhof AG
until December 31, 1986

HONORARY SENATOR
LOTHAR F. W. SPARBERG
Stuttgart
Chairman of the Supervisory Board
of IBM Deutschland GmbH

PROFESSOR DIPL.-ING. ENNO VOCKE
Essen
Chairman of the Board of Managing Directors
of Hochtief AG vorm. Gebr. Helfmann

HERIBERT WERHAHN
Neuss
Partner in Wilh. Werhahn

Board of Managing Directors
(Vorstand)

WALTER SEIPP
Frankfurt/Düsseldorf
Chairman

ERICH COENEN
Düsseldorf

DIETRICH-KURT FROWEIN
Frankfurt

FRIEDRICH GRUNDMANN
Hamburg
until December 31, 1986

KURT HOCHHEUSER
Düsseldorf

GÖTZ KNAPPERTSBUSCH
Düsseldorf

MARTIN KOHLHAUSSEN
Frankfurt

KLAUS MÜLLER-GEBEL
Frankfurt/Hamburg
since November 1, 1986

JÜRGEN REIMNITZ
Frankfurt

KURT RICHOLT
Frankfurt

AXEL FREIHERR von RUEDORFFER
Hamburg

RABAN FREIHERR von SPIEGEL
Frankfurt

JÜRGEN TERRAHE
Frankfurt

Executive Vice Presidents
(Generalbevollmächtigte)

KLAAS PETER JACOBS
New York

FRIEDHELM JOST
Frankfurt

KARL-HEINZ KINDT
Düsseldorf

ALFRED KNÖR
Frankfurt

KLAUS-PETER MÜLLER
Frankfurt

WOLFGANG OTTO
Frankfurt

HERBERT PETERS
Frankfurt

DR. MANFRED WILSDORF
Frankfurt

Chief Legal Adviser
(Chefjustitiar)

DR. HELMUT BECKER
Frankfurt

Report of the Board of Managing Directors

The Bank's Progress

The 1986 banking year

The chief feature of banking business today is its growing globalization. This is revealed by the ever-stronger links between the various national financial centres–which are gradually paving the way for a world-embracing capital market that duly reflects the changing importance of countries, currencies and banks and which, during the ongoing stage of transformation, offers the chance to fight for and to secure promising positions. Thus Japan with its huge trade and current account surpluses has assumed with unexpected rapidity the role formerly intended for the OPEC countries, while London with its Big Bang deregulation measures has initiated a new and very liberal capital market trend. Both the yen and the D-mark have gained further ground against the US dollar as reserve, transaction and investment currencies. At the same time, the banks have intensified their competition with one another by exploiting their financial muscle and creativity to the full in the international arena, too.

General performance of Commerzbank

A capital increase in early 1986 gave Commerzbank new scope to follow up and accelerate in all areas of its activity the gratifying progress made over the past few years. The broad capital base now built is a sound starting point for the further expansion not just of the Parent Bank, but of all members of the Group as well–allowing forward-looking investments in both staff and equipment that, in turn, will serve to generate future earnings.

The Bank's progress in the year under review was encouraging across the board. At both the Parent Bank and the Group, the overall operating result–which includes income from own-account dealings but excludes realized profits–marginally improved on the previous year's record figures, despite the inroads into the D-mark equivalents of foreign earnings made by the soaring German currency.

Strong growth in business volume

A relatively modest first-half performance notwithstanding, the Parent Bank's business volume–total assets plus endorsement liabilities–went on to expand substantially in the course of the year, ending 9.9% up at DM93.2bn.

Salient figures for the 1986 accounts of the Parent Bank (the 1985 figures are shown in parentheses) are as follows:

	DM bn	
Balance sheet total	90.8	(82.6)
Total deposits and borrowed funds	84.1	(77.2)
Total lending	55.1	(50.3)
Capital and reserves	4.297	(3.336)

Partial operating result up again

A surge in commission income triggered by very brisk stock market trading in the earlier months was followed by decelerating earnings growth as the year progressed. The Parent Bank's partial operating result–which is arrived at by subtracting from net interest and commissions received staff and general operating costs as well as write-downs and depreciation in connection with regular banking operations–rose 3.2% to DM752m, thereby slightly exceeding the record figure achieved the year before.

Dividend raised to DM9 per share

In view of our gratifying performance, we herewith propose to our shareholders that they approve at their Annual General Meeting an increase in the dividend from DM8 to DM9 per share of DM50 nominal. Since the new shares issued in 1986 rank for dividend for the full year, the rise in the total payout–from DM142m to DM186.8m–will be exceptionally high at 31.5%. The tax credit for domestic shareholders moves up from DM4.50 to DM5.06 per share.

Holders of our profit-sharing certificates will also benefit from the higher dividend. They will receive an additional 1.5 percentage point payment over and above the basic 8.25% interest distribution to which they are entitled. With a total of DM425m of such certificates outstanding, the amount to be paid out of the distributable profit for this purpose will be DM41.4m.

As in the previous year, a sum of DM60m has been allocated from the year's net income to reserves which, having also been strengthened by the DM750m premium on the 1986 share issue, now stand at a comfortable DM2.8bn. Moreover, substantial further funds were transferred to loan loss reserves to provide for both domestic lending and country risks.

Commerzbank Group

At end-1986, the banks affiliated within the Commerzbank Group were handling

approximately 5.1 million accounts
for more than 2.7 million customers
at 881 branches
with a staff of 25,653.

In addition to the Parent Bank, the Group comprises the following major associated banks whose annual reports and accounts are summarized on pages 74 to 85:

- Berliner Commerzbank AG, Berlin, balance sheet total DM6,043m;
- Commerzbank International S.A., Luxembourg, balance sheet total DM16,970m;
- Commerzbank (Nederland) N.V., Amsterdam, balance sheet total equal to DM1,054m;
- Commerzbank (Switzerland) Ltd, Zurich, balance sheet total equal to DM354m;
- Commerzbank (South East Asia) Ltd., Singapore, balance sheet total equal to DM2,453m
- RHEINHYP Rheinische Hypothekenbank AG, Frankfurt, balance sheet total DM33,811m.

At December 31, 1986 the Group's narrowly defined business volume–consolidated total assets plus endorsement liabilities–was up 8% on the year at DM150.7bn, while the more comprehensive figure–which in addition includes guarantees–increased DM10.8bn to reach DM160.4bn.

Total lending tops DM100bn

The Group's credit volume recorded an even somewhat faster rise–by DM7.8bn or 8.2%–bringing it to DM102.7bn and thus for the first time ever above the DM100bn mark. Attractive, low interest rates resulted in growth being particularly pronounced in longer-term customer lending, which went up almost DM5.9bn to DM53.3bn, with about a third of the gain being accounted for by long-term mortgage loans. Additional business in the short and medium-term segments was, by contrast, very restrained. It proved possible to enlarge the volume of bills discounted by 11.2% to more than DM5bn.

Customer deposits increased by altogether 7.9% to DM59.2bn, due particularly to a rise of 15.5% in savings deposits to a comfortable DM14.2bn. The volume outstanding of bonds issued by Group members expanded from DM37.8bn to DM40.3bn, about three-quarters of this figure representing RHEINHYP paper. Since growth in the liabilities to other banks at 7% was slightly less than that in the claims on them, the Group's position as a net interbank lender improved from DM0.8bn to DM1.2bn.

Overall, the companies within the Commerzbank Group at home and abroad turned in a successful performance in 1986. Their earnings allowed them not only to provide adequately for lending risks but also, after allocating to their reserves, to effect a higher dividend payment to the Parent Bank in some cases.

Following the rights issue by the latter in January 1986, which produced cash proceeds of DM900m, and allocations to reserves by the various members of the Group, its total capital and reserves at end-1986 stood at DM4,869m.

1986 consolidated net income up 17.8%

Consolidated net income for the year rose from DM346m to DM408m. From the 1986 results achieved by the individual Group members reflected in this total, DM157m (DM175m in the preceding year) will be allocated to reserves, in some cases subject to approval by the respective annual general meetings. Following this, the Group's equity capital will amount to DM4,908m.

For the Group Report and the Consolidated Annual Accounts see pages 57 to 87.

Parent Bank's balance sheet structure

The expansion in Commerzbank's business volume is all the more noteworthy as, given the foreign currency element in total assets, the 21% slump of the US dollar over the year would by itself have meant a nearly DM3.5bn reduction in the balance sheet total of the Parent Bank, and for the Group the decrease would even have topped DM5bn. For the growth nonetheless achieved, customer credits were the main factor on the lending side, while there was only a below-average increase of about DM2.0bn in loans to other banks–unlike the previous year when these had provided most of the impetus. On the other hand, our interbank borrowing went up twice as fast, by almost DM4.0bn to DM23.6bn; yet nostro balances still exceeded this figure by more than DM1.1bn.

The total volume of credits to customers rose by 12.6% to DM46.2bn. Business was especially brisk in the longer-term bracket, which is reflected in DM4.5bn additional claims on customers with periods of notice of four years or more, raising these to DM21.6bn. The liabilities side of our balance sheet shows that we allowed for this situation by stepping up our longer-term borrowing in particular. Customers' deposits grew by an overall 6.4% to DM53.9bn, with the emphasis on savings deposits. Liabilities to banks were up by a fifth at DM23.6bn.

As before, we funded our longer-term lending by availing ourselves of the possibilities offered in the international capital markets. In the dollar sector, we used our Curaçao financing arm, Commerzbank Overseas Finance N.V., to raise a total of US$400m through three bond issues, two of them at floating rates and with warrants attached, entitling the holders to acquire fixed-interest DM bonds of aggregate amounts of DM250m and DM200m, respectively. In one case, subscription to the DM bonds was at a fixed dollar rate, offering investors an interesting hedge against the decline of the dollar that has since occurred. In addition, our two foreign financing arms each launched a bond issue in the British, the German and the Swiss capital markets.

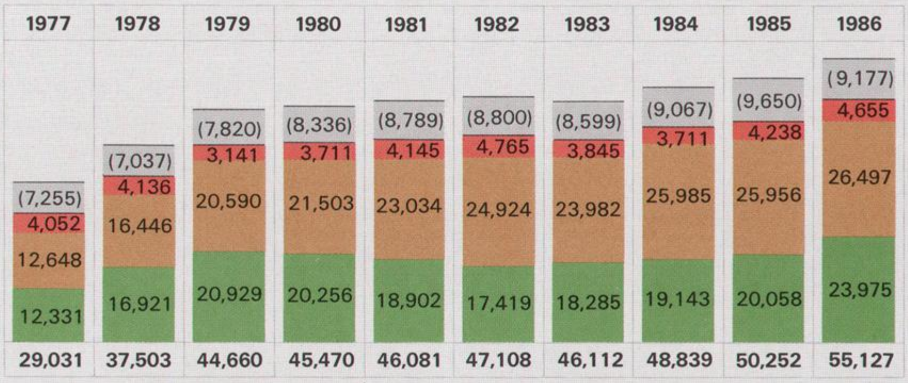
With the growing sophistication of the DM interest-rate swap sector, this instrument assumed great importance for our asset/liability management. Used along with deposits at floating rates, interest swaps permit an economic and efficient fine-tuning of lending operations in terms of switching shorter into longer-term funds. The resourcefulness of the interest swap markets has enabled us to fund our considera-

Utilization of new funds in 1986

	in DM m
Source of funds	
Increase in liabilities	8,677
a) bank deposits	(3,969)
b) customers' deposits	(3,265)
c) own acceptances	(135)
d) provisions	(256)
e) liable equity	(960)
f) distributable profit	(67)
g) other liabilities	(25)
Reduction of assets	1,530
a) loans to banks	(699)
b) treasury bills	(254)
c) shares	(222)
d) other assets	(355)
Depreciation on fixed assets	148
	10,355

	in DM m
Application of funds	
Increase in assets	9,884
a) cash reserves, cheques, and collection items	(837)
b) bills of exchange	(206)
c) nostro balances	(2,683)
d) bonds	(30)
e) short and medium-term loans to customers	(683)
f) long-term loans to customers	(4,474)
g) increase in fixed assets	
ga) investments	(650)
gb) land and buildings	(53)
gc) office furniture and equipment	(255)
h) other assets	(13)
Reduction of liabilities	471
a) own bonds	(470)
b) other liabilities	(1)
	10,355

Commerzbank: growth across the board

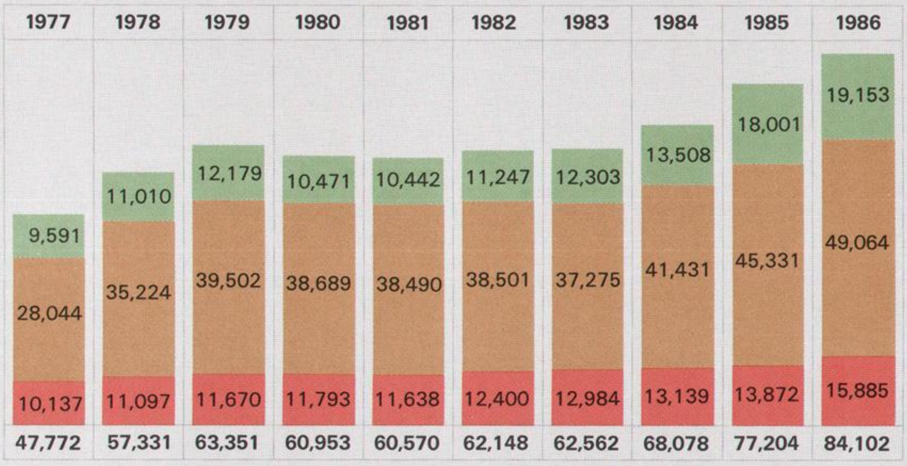


Volume of lending

In view of the low level of interest rates, demand for longer-term credits on the part of retail and business customers was especially brisk. Overall, the loan volume went up by a substantial 9.7%.

in DM m:

- guarantees
- discounts
- short and medium-term book and acceptance credits
- long-term credits (4 years or more)

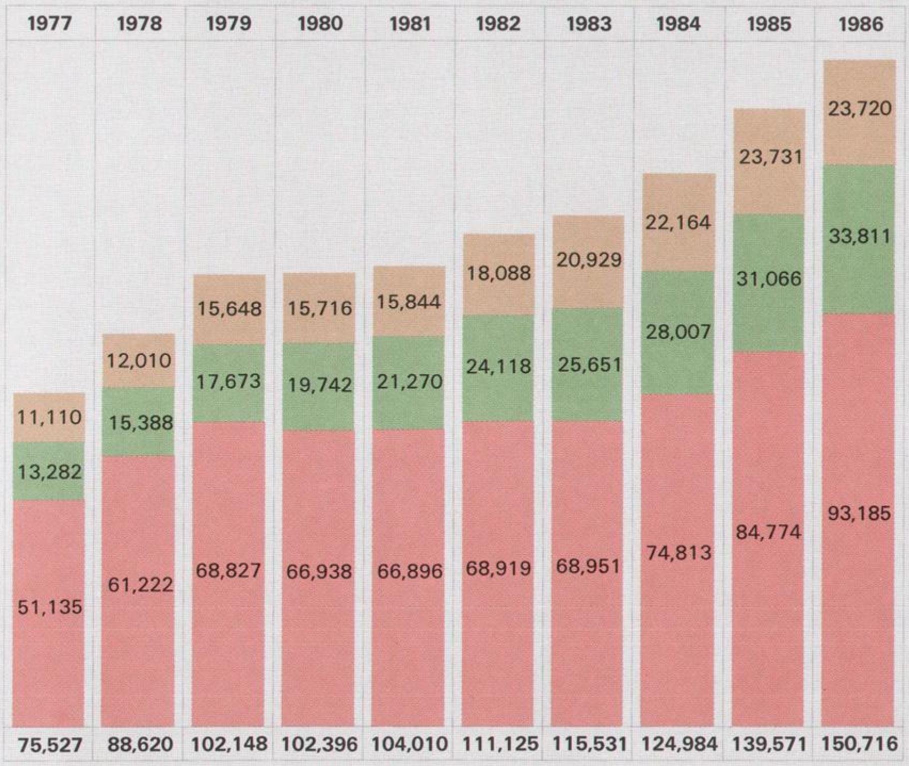


Total deposits and borrowed funds

In taking deposits, we were particularly interested in procuring longer-term funds – also availing ourselves of international capital-market instruments. Savings deposits and savings certificates rose by just under 15%, customers' time deposits by 4%. Once again, our borrowing was focused on funding in the interbank market.

in DM m:

- sight deposits
- time deposits, own bonds and acceptances outstanding
- savings deposits and savings bonds



Business volume of the Group

The Parent Bank and all the domestic members of the Group markedly expanded their business volume in 1986. Due to exchange-rate movements, the balance sheet total of the Bank's foreign subsidiaries registered only a modest increase. For the first time, the business volume of the Commerzbank Group exceeded the DM150bn mark.

in DM m:

- other consolidated companies (after offsetting inter-company claims and liabilities)
- RHEINHYP Rheinische Hypothekenbank AG
- Commerzbank AG

bly increased fixed-interest loan portfolio with proper regard to rate and maturity patterns.

In the summer of 1986, we became the first German bank to supplement the commercial paper programme we were operating in the domestic US market–and whose volume we doubled to $1bn in early 1987–with a Euro-commercial paper programme. The proceeds from the London placement of these paper have been used to fund the lending of our non-US operative bases abroad.

Brisk loan activity

The year under review saw the Parent Bank's credit volume grow by a healthy 9.7% to reach DM55.1bn, with new lending actually expanding more strongly than reflected in these figures as the exchange-rate induced decline in foreign-currency amounts outstanding and the addition to our loan loss reserves already mentioned had first to be compensated for. In line with the increase achieved in our total lending, the volume of bills discounted was raised to DM4.7bn. The low level of interest rates has continued to encourage the trend towards longer-term borrowing. Thus aggregate book credits to banks and customers–which exceeded DM50bn for the first time ever–rose by a mere 2.1% in the short and medium-term bracket, whereas longer-term advances were up by almost 20%. Our domestic and foreign branches contributed about equally to these results in percentage terms, if the respective business volumes are duly taken into account.

International lending and investments

For the Commerzbank Group, the volume of foreign loans outstanding–defined as credits, shorter-term nostro balances and foreign securities holdings, minus domestic export credit and other guarantees and also minus loan loss reserves covering foreign risks–stood at DM46.6bn at the balance sheet date, compared with DM38.1bn the previous year. Since the increase is exclusively due to money market transactions and lending in Western Europe and North America, the geographical breakdown per end-1986 showed another strong rise from 71% to 80% in the proportion of the total falling to the industrialized countries. The shares of the developing nations and OPEC states were further down both as percentages and in absolute terms, the former from 18% to just over 12% and the latter from 5% to a little under 4%, while that of the government-run economies also receded, from nearly 6% to slightly over 4%.

Although there were still more newcomers to the ranks of the problem debtor countries in 1986, and although our Bank again provided fresh money under rescheduling agreements, our overall exposure to this group of borrowers declined noticeably owing to exchange-rate movements. Both for this reason and because loan loss reserves have been reinforced again, the ratio of these loans covered by risk provisions has further improved.

Restructured securities portfolio

Following the strong growth in the volume of our interest-bearing securities holdings in 1985, the year under review saw little change. While we reduced the volume of discountable Treasury notes–mainly Federal and regional government issues–by 15% to just under DM1.5bn, there was a marginal rise, to DM7.0bn, in the weightier bonds and notes portfolio. Within the latter, paper with terms of up to four years were cut back by a good DM0.7bn, while those with longer maturities–to a notable extent floating rate notes–were increased by almost DM0.8bn.

In accordance with the most recent case law, we have no longer included under "securities not to be shown elsewhere" our holdings of 25% or more of the share capital of a single company but show them–namely our stakes in Karstadt AG, Sachs AG, and in Commerzbank AG von 1870–as "investments" in our balance sheet, the changes not involving any alteration in book values. However, largely due to this reclassification, the 10 to just under 25% interests we hold in other companies–and which appear as a sub-item under "securities not to be shown elsewhere"–have dropped in aggregate amount from last year's DM736m to DM357m. On the other hand, we have slightly expanded our equity trading stocks, not least by adding a further 10% to the 25% we already held in the share capital of Sachs AG.

Partly owing to the above mentioned reclassification, but also as a result of capital increases by either Group members or holding companies in which we have an interest, or of the foundation of new companies, our investments as shown in the balance sheet have gone up substantially by a good DM600m, or by roughly one-third. Over DM100m of this is attributable to capital increases by our subsidiaries RHEINHYP, COSEA and Commerz- und Industrie-Leasing GmbH, and to our subscription to a convertible bond issue by Banco Hispano Americano on the basis of our 10% stake in this major Spanish bank. The fact that both the latter and our Singapore subsidiary, COSEA, resumed dividend payments in 1986 contributed greatly to the exceptional 63.8% rise in our income from „investments".

New investments

A new company, Commerz International Capital Management GmbH, was established in Frankfurt last year; endowed with a capital of DM4.0m, it is to look after institutional investors from abroad. Also in Frankfurt, we set up Commerz-Beteiligungsgesellschaft mbH, with an initial capital of DM1m, as a vehicle for acquiring interests in–and hence to provide venture capital for–medium-sized companies. The same aim is to be pursued by Commerz Unternehmensbeteiligungs-Aktiengesellschaft, another Frankfurt-based company founded in February 1987 jointly with Haftpflichtverband der Deutschen Industrie VVaG which, like us, holds 50% of the DM20m share capital. In accordance with the German law governing holding companies of this kind (UBGG), it is planned to seek a stock exchange listing for this firm in due course.

In Hong Kong, Commerz Securities (Japan) Co. Ltd. was established with a paid-up capital equivalent to DM40m. This investment bank, which has in the meantime received its licence to operate in the Tokyo market, is only 50%-owned by us since under Japanese law we may not hold a higher percentage. The other half of the bank's share capital is held in equal, tax-privilege-conferring parts by two German industrial leaders, energy giant VEBA AG and chemical major Hoechst AG, both of which we were fortunate in gaining as our partners in the enterprise. For formal reasons, the new bank will operate in Tokyo through a branch which is to start operations during the first half of 1987.

Equity base further strengthened

The DM900m cash proceeds from a capital increase effected in January 1986 raised the Parent Bank's equity capital to DM4,236m and, following the DM60m allocation to reserves from the 1986 net income, it was made up as per year-end as follows:

	DM million
Profit-sharing certificates outstanding	425.0
Share capital	1,037.7
Disclosed reserves	2,833.9
Total equity capital	4,296.6

With the intention of diversifying the geographical pattern of our shareholders even more, we had our shares listed on the Tokyo Stock Exchange in early October of last year. The bourse introduction was lead-managed by Yamaichi Securities, one of Japan's Big Four issuing houses, which also headed the consortium that effected a broad prior placing of one million Commerzbank shares in Japan.

Net interest and commission income exceeds DM3bn

The fact that we were able almost to maintain our interest margin at the–admittedly somewhat depressed–level of the previous year ensured that net interest and dividend income at the Parent Bank grew by 9%, roughly in line with the business volume, to DM2.16bn: while there was a decrease of slightly over DM200m in interest and similar expenses, interest earned and current income from securities and investments more or less stagnated.

Particularly noteworthy given the already very rapid expansion of recent years was another rise in net commission income, by 11.6% to DM895m, in which earnings on securities transactions once again had a substantial part, especially during the first half of the year. Commission income from syndicate business could also be boosted, whereas earnings on payments transactions with abroad slipped back somewhat, partly due to the–largely price-induced–decline in German export and import figures.

Operating expenditure

Overall operating expenses grew sharply again, by 12.1% to DM2.3bn, the chief factor being a substantial increase in staff. Personnel expenditure alone jumped 11.9% to reach DM1.526bn. Further investment in advanced banking technology with an eye to future performance and the continued general modernization at branch level pushed other operating expenses up 9.6% and depreciation on fixed assets even by nearly 30%. While we regard the steep climb in the costs of these expense items as indispensable given the ever-greater demands made today on both personnel and technical facilities, we shall not tire in our efforts to keep costs under control without impairing the Bank's ongoing dynamic development.

Our policy as regards the Bank's branch network has remained one of caution. At home, the opening of three new urban sub-branches and the closure of four left us with 779 branches and sub-branches at the start of 1987. Berliner Commerzbank AG continues to operate 60 branches in West Berlin, and Commerz-Credit-Bank AG Europartner, Saarbrücken, maintains 8

Central Departments, Branches, Subsidiaries, and Holdings

Board of Managing Directors

Banking Departments

- International Commercial Banking and Export Finance
- Corporate Customers
- Treasury and Foreign Exchange
- Investment Banking
- Loan Management
- Private Customers, Home Loans
- Securities Business

Management Services

- Controlling and Planning
- General Services and EDP
- Personnel
- Accounting
- Legal Matters and Taxes
- Internal Auditing
- Economic Research and Corporate Communication

Domestic Branches, Subsidiaries, and Holdings

40 Main Branches
controlling 403 Regional Branches with 336 Sub-Branches

More than 50 Subsidiaries and Holdings
including:

- RHEINHYP Rheinische Hypothekenbank AG, Frankfurt
- Berliner Commerzbank AG, Berlin
- Commerz-Credit-Bank AG Europartner, Saarbrücken
- Commerzbank Investment Management GmbH Düsseldorf/Frankfurt
- Commerz International Capital Management GmbH, Frankfurt
- Commerz- und Industrie-Leasing GmbH, Frankfurt
- Deutsche Immobilien Leasing GmbH (DIL), Düsseldorf

Foreign Branches, Subsidiaries, and Holdings

4 Subsidiaries

- Commerzbank International S.A., Luxembourg
- Commerzbank (Nederland) N.V., Amsterdam
- Commerzbank (South East Asia) Ltd., Singapore
- Commerzbank (Switzerland) Ltd, Zurich

13 Branch Offices (see page 100)

16 Representative Offices (see page 102)

Some 30 Holdings
including:

- Commerz Securities (Japan) Co. Ltd., Hong Kong/Tokyo
- EuroPartners Securities Corporation, New York
- International Commercial Bank PLC, London
- Korea International Merchant Bank, Seoul
- UBAE Arab German Bank S.A., Luxembourg/Frankfurt

in Saarland. Our foreign presence is made up of 4 subsidiaries, 13 branches and other operative bases as well as 16 representative offices.

Brisk expansion of terminal network

At end-1986, our central departments, branches and sub-branches together boasted more than 8,200 display screens and over 4,900 printers–a considerable rise over the twelve-month period. Throughout the country, our branch offices are now equipped with general-purpose systems for cashier/counter operations permitting us to offer all our customers an efficient, standardized service. To cope with demand, we plan to reinforce our terminal network further in 1987.

Through an on-line link with Reuters, we have improved our investment advisory capacity at branch level by providing our client counsellors with access to the latest securities data via some 700 display screens connected to our mainframe computers.

Serving our business customers

The advantages of the restructuring we have undertaken during the past few years at both head-office and branch level with the aim of gearing the organizational side closely to our corporate customers' requirements became evident again. We were thus able to expand our share of the market, despite considerable structural changes in the financial scene–notably the growing significance of the treasury departments of major companies–and also in the face of even keener competition.

Our endeavours to become increasingly attractive for smaller and medium-sized firms have proved particularly fruitful. Since their need for qualified financial and merchant banking consultancy services is still growing, we certainly expect to find further business opportunities in this sector of domestic activity, with the focus on trade and commerce, other services, and the innovation-spurred growth industries. To serve our customers yet more efficiently, we shall also strive for an even greater coordination of our activities at home and abroad.

Varied pattern of credit demand

Our short-term corporate credits rose by a good 6% in 1986, and thus at about the same rate as the year before. With German companies' loan demand generally receding due to high cash flow levels, substantial influxes from abroad, and a comfortable cushion of liquidity to draw on, we consider this result quite satisfactory.

The capital increase we effected in January 1986 enhanced our scope for rediscounting with the Bundesbank, allowing us to meet companies' requirements for low-interest discount borrowing to a larger extent. At year-end, however, our domestic bill portfolio stood at an unchanged DM3.3bn. We managed to decelerate the pace at which the interest margin on such business narrowed, a trend that had first made itself felt in 1985.

We fully passed on to our corporate customers the fall in short-term interest rates that occurred during the year under review, even lowering the average cost of the loans we offer at floating rates somewhat more than the 1/2 percentage point cut in the discount rate implemented by the Bundesbank in March 1986.

With larger amounts of contingent liabilities under foreign commitments expiring, the total for guarantees extended by us was down 5%, a reduction in line with the market generally.

Demand for Eurocredits flagged, chiefly owing to alternative borrowing policies pursued by major customers–partly to refinance loans at fixed rates over longer periods. Lending to smaller firms under specially tailored schemes–such as advances in connection with import or export deals–remained stable.

Lively demand for corporate fixed-rate loans

Longer-term fixed-rate loans were particularly sought after in the year under review. This was not only due to current low interest levels which on the whole favour borrowing long at a fixed rate, but also to the work of our corporate counsellors in offering customized finance to match the rapid growth in companies' capital spending. The increase in this area of our lending was several times the 7% overall expansion recorded by this sector of the market. Once again, most new credits–namely, over two-thirds–were extended under our small-business loan scheme involving rates fixed for up to five years and providing funds for the financing of machinery and equipment; the latter investments account for some 70% of West Germany's total for corporate capital spending. As regards subsidized funds from government sources, borrowers were particularly attracted by those available through Kreditanstalt für Wiederaufbau (Reconstruction Loan Corporation) either under a scheme for smaller firms or for anti-pollution measures.

Our efforts in the field of financing commercial premises for rental were concentrated on „REAL-Darlehen", a new such loan which we have been offering jointly with our mortgage banking subsidiary, RHEINHYP, and which has been well received. We plan soon to extend this scheme through a new variety to cover the financing of non-rental commercial real estate.

Financial novelties offered by Commerzbank in the domestic market have included „capped" loans for up to ten years which, with their fixed upper interest-rate limit, currently allow borrowers to profit from low interest levels while limiting their risk in the case of a sudden upsurge. We have found that both such loans and swap arrangements providing for the switching of floating-rate interest liabilities against those at fixed rates have proved increasingly attractive.

Net growth in wholesale lending was DM2.3bn, more than double the figure for 1985, with a good four-fifths of the rise being accounted for by standardized small-business credits. Offered since mid-year, our loans with interest fixed for five years and longer have also met with a lively response, particularly by larger firms; at year-end, the volume outstanding had reached the gratifying level of about DM500m.

We continued to be very active on the leasing side. Commerz- und Industrie-Leasing GmbH (CIL)–our subsidiary for the leasing of moveable goods–had another satisfying year, managing again to improve its result thanks to more new business. Deutsche Immobilien Leasing GmbH (DIL)–the real estate leasing subsidiary we operate jointly with Deutsche Bank–was able to register further satisfactory growth in both its new business and earnings.

Foreign commercial business: levels maintained

West Germany's visible foreign trade in 1986 was marked by a slight drop in the overall value of exports coupled with a marked fall-off in that of imports. Even so, we succeeded in virtually maintaining income in this field, although the worsened economic situation in several countries outside Europe meant that in a number of cases considerable efforts had to be made to secure the claims of German exporters by obtaining confirmations of letters of credit from foreign banks.

As more than half of West Germany's merchandise trade is with other EEC members, the country's banks–besides, of course, being thoroughly familiar with the markets in such places as Africa, the Middle East and South America–must also cope with the important task of smoothly handling the huge volume of payments transactions within the industrialized world. To this end, we have concentrated par-

Lending to domestic private and business customers

	31–12–1986	31–12–1985
Energy and mining	1.4%	2.2%
Chemical and oil refining industries	2.0%	2.1%
Plastics and rubber production, non-metallic minerals, fine ceramics and glass	2.2%	2.4%
Metal production and processing, steel construction, mechanical engineering, automotive industry, office equipment and EDP	10.2%	10.3%
Electrical and precision engineering, optical products, metal manufacturing, musical instruments, sports equipment, jewelry	7.2%	6.7%
Wood, paper, and printing	2.7%	2.6%
Textiles, clothing, shoe and leather industries	2.5%	2.8%
Food, drink, and tobacco	2.7%	2.9%
Building and civil engineering	2.9%	3.1%
Industry, overall	33.8%	35.1%
Commerce	11.2%	11.4%
Transport and communications	3.5%	2.8%
Other services, including the professions	21.8%	19.9%
Individual customers other than self-employed	29.7%	30.8%
	100.0%	100.0%

ticularly on simplifying the procedures involved in customers passing their payment orders on to us. In the current year, we hope to be in a position to offer them the same kind of electronic–and hence voucherless–exchange of data media that, in a rapid and reliable manner, has been possible through SWIFT since 1978 on an interbank basis with all the major trading partners of the Federal Republic.

Given the latter's very strong integration into the world economy both as a supplier and as a buyer of goods, German companies have to be well acquainted with the procedures involved in trading with abroad. It is, however, especially the smaller among our domestic corporate customers who still reveal a lack of pertinent knowledge, be it of the structure and development of potential export or import markets, be it of how to conduct and finance foreign trade. Such a need for information becomes even greater when times are getting more difficult. Through constant contact with our specialist staff at home and abroad, and by arranging for these customers events like discussion days and round-table conferences, visits to trade fairs and specific lectures, we have been able to provide the kind of answers they are seeking. The same applies to the information material which we have additionally been offering in brochure or other form.

Medium and long-term export credits

In 1986 again, the demand for German capital goods, being to a large extent technology-induced, came mainly from the Western industrialized nations. By contrast, orders from the state-trading and OPEC countries and from other LDCs–which unlike most of the former traditionally call for some form of medium or long-term export finance–tended to be on the sparse side.

Against this background of an–on the whole–shrinking market, we successfully defended our position in global medium and longer-term export finance, although the volume of new business in this sector was well below the levels of the late seventies and early eighties which benefitted from major projects. Last year, new business was focussed on:

- our continuing strong participation in the refinancing under Hermes (the German export credit insurance scheme) cover of such export contracts which originally provided for cash payment;
- block credit agreements with various state-trading countries which attracted substantial demand on the part of our smaller corporate customers;
- and our involvement in the financing of exports by other countries.

Wholesale deposit-taking and EFT

Having pursued borrowing from our business customers far more systematically than previously, we saw the volume of both wholesale call and time deposits go up notably during the year under review.

In electronic banking, the special computerized service we offer companies without their own DP facilities for the execution of their payments met with an even stronger response. New possibilities are constantly opening up to our corporate customers, both through the use of data processing for the electronic transfer of funds between them and us, and by providing company treasurers with financial management information through access to our electronic communication systems.

With small and medium-sized firms the main target, we have launched COBIS, a lower-level cash management scheme to be operated on the basis of videotex equipment. This supplements ACMS, our more sophisticated domestic cash management system, and COBRA, its international counterpart, thus rounding off our product range in this sector. And the ever-greater potential for effecting commercial payments transactions by computer through the existing telecommunications networks should be of additional benefit to our corporate customers.

Since the latter are increasingly equipping themselves with personal computers, we have made our respective services PC-compatible; this holds especially true for those relating to cash management, the transfer of payments, and payroll operations.

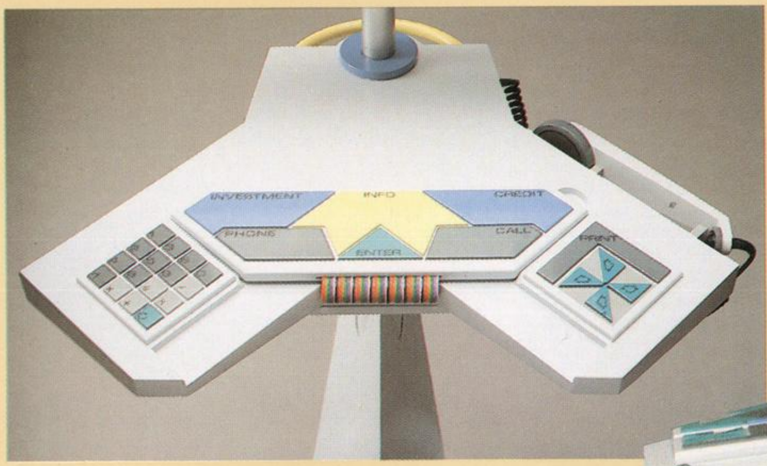
Banking technology in new design

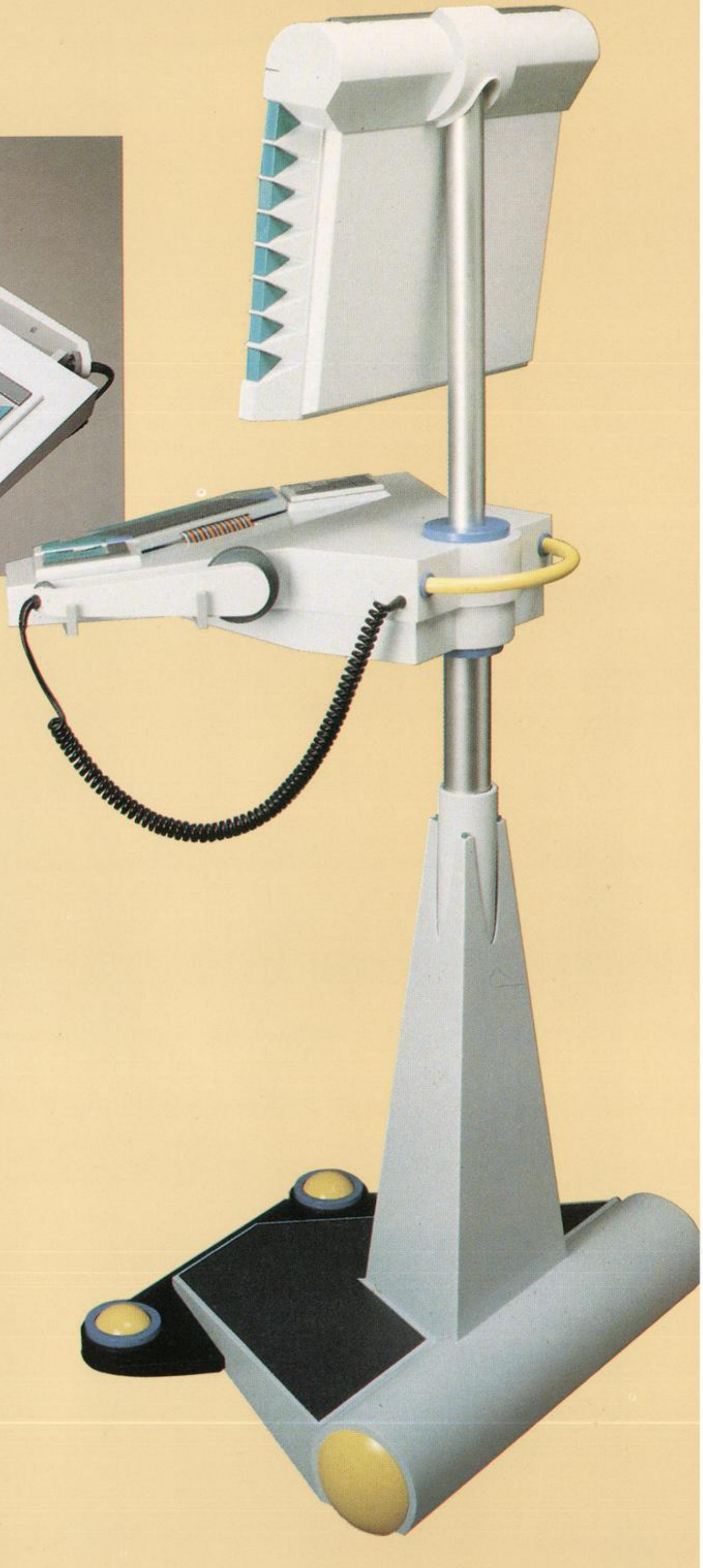
Quite early on, Commerzbank systematically began to put modern banking technology to appropriate use. At first, automation primarily served the ends of internal rationalization. It was not until the eighties that retail business moved into the foreground. Thanks to cash dispensers, customer terminals, statement printers, videotex and POS systems, the Bank now offers even better service–and there is more time available for counselling. To express it in marketing terms: we welcome automated banking but would not want to become an automated bank.

The objects displayed on this and the following pages are part of the entry by the Design Department of the University of Essen for the "Italia's Cup 1986", an international design competition held in Milan. The West German contributions under the heading "Money", uniting technological reality and futuristic design, were developed in close cooperation with the prominent computer firm of Nixdorf. Commerzbank was one of the sponsors of the project.

Mobile information and counselling facility

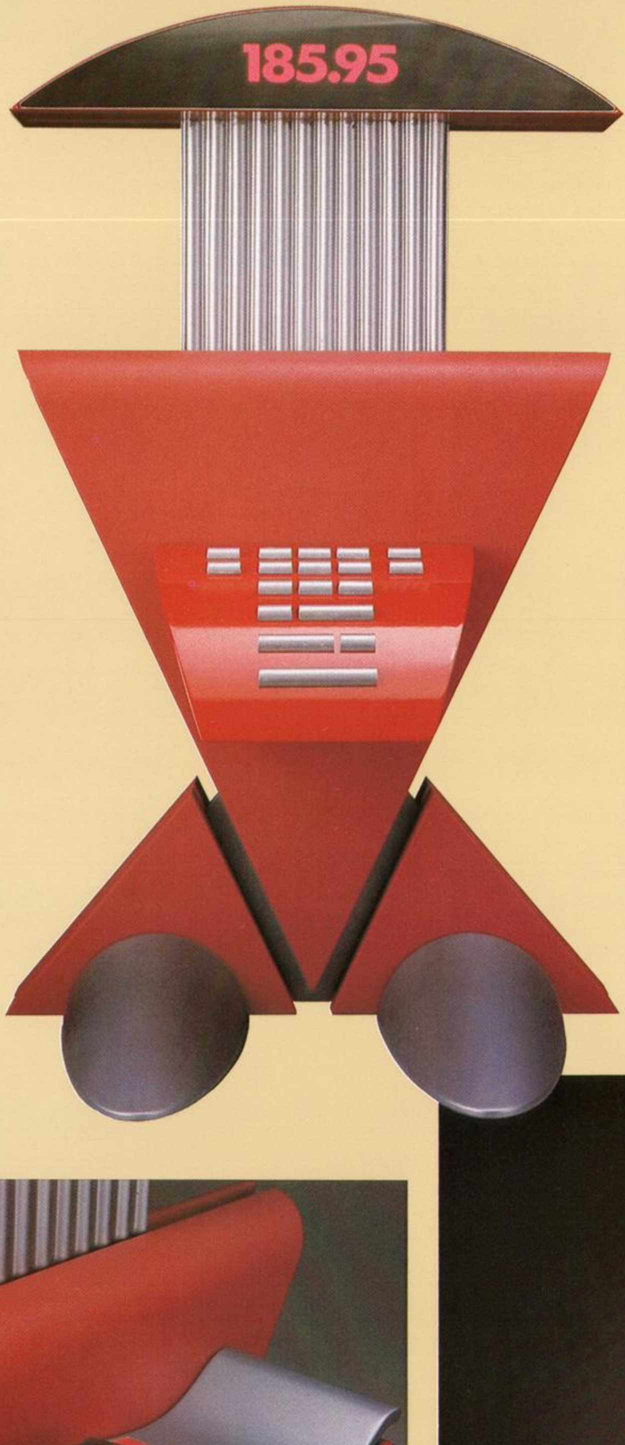
This device–a combination of personal computer, printer, telephone and monitor screen–represents an uncomplicated means of linking the supply of information with an interactive facility.

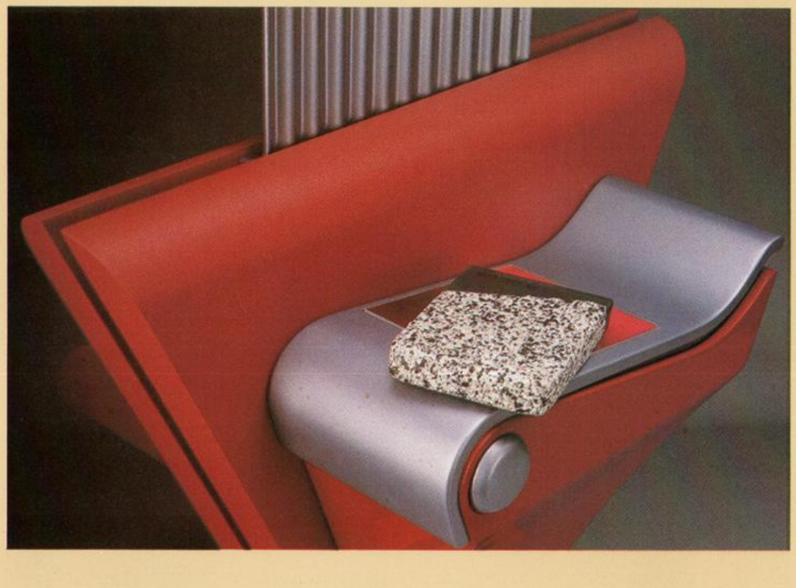


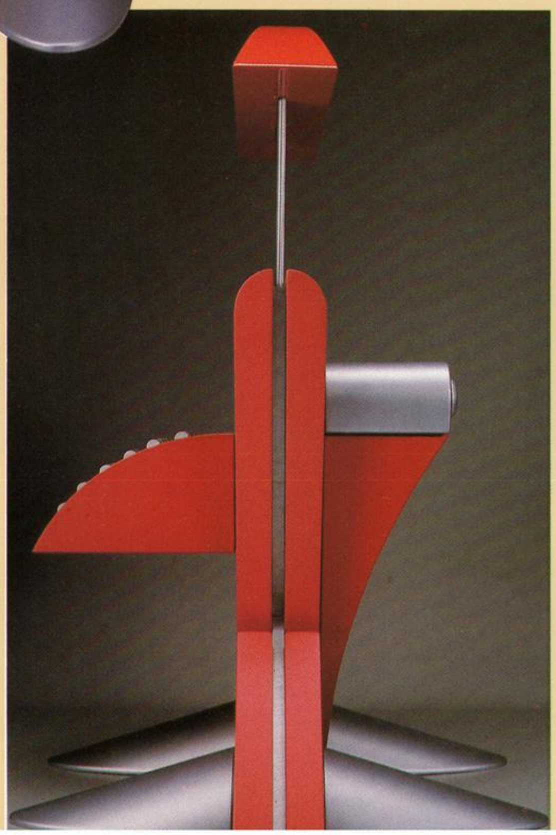


POS terminal

"Transfer" is a creative solution to electronic payment transaction needs. The amount to be paid is read automatically by scanner or entered via the keyboard. Thanks to a display, the sum involved can be seen by both the customer and the cashier. It is deducted from an electronic plastic card, a so-called "paymate", through laser optics.







Border money changer

Fully automated, providing round-the-clock access, this machine–for installation at border crossing points, for instance–changes the currency of either country into that of its neighbouring state at current rates. Simple operation, combined with on-the-spot, immediate service, makes money-changing an uncomplicated and quick affair.

Serving our private customers

Despite unchanged, keen competition in retail banking, we were able further to improve our position in this segment of the market. Particularly worthy of note was the strong rise in savings deposits which were up by one-sixth, the largest year-to-year gain we ever achieved. Marked expansion was also recorded in our lending and in payment transactions on behalf of our private customers.

The number of the latter grew by roughly 3% to 2.3 million in the year under review. We attribute this success to the considerable effort invested so as to live up to our customer commitment–as pledged in our slogan: Commerzbank, the bank you can bank on–by offering an array of attractive products and personalized counselling services. Especially personal current accounts, for the keeping of which we only charge a flat DM3 per month covering all routine transactions, have proved a popular facility.

Our marketing strategy gives unchanged pride of place to children and young people as tomorrow's customers, and we were looking after more than 280,000 of them–up to the age of 18–at end-1986. Several of our branches have staff specifically to deal with this group in premises designed for the purpose. In addition, at the turn of the year we presented the first issue of a new magazine aimed at youngsters. Called „YELLOW" to reflect our long-established corporate colour, it comes free of charge and is published quarterly.

Savings deposits well up

Total deposits of domestic private customers (demand, time and savings deposits, plus savings bonds held by them) went up 13.5% in the year under review to reach DM20.3bn, corresponding as in the preceding year to about 53% of all domestic non-bank liabilities.

The increase in savings deposits was particularly steep at DM1.8bn, bringing the total to DM13bn. There was also a 10% rise to almost DM5,000 in the average amount deposited per savings account.

The three types of regular savings plans we offer, for periods between 2 and 25 years, together contributed more than DM500m to the year's net gain in savings deposits. At end-1986, the number of contracts under such programmes amounted to some 500,000, covering a final sum to be saved of DM3.2bn. For about a fifth of the long-term contracts the target figure agreed was secured by a term life insurance.

There was a continued upward trend in the sales of savings bonds and certificates. The latter have since mid-1986 been offered with a final maturity of 8 years, yielding more over time, but with funds non-withdrawable during the first two years. The overall volume of such bonds and certificates outstanding at year-end was up DM208m on 1985 at DM2.9bn.

Retail lending brisk

Aggregate retail lending, including building finance, expanded by 12.5% to DM16.3bn, representing 44% (42% at end-1985) of total loans to domestic customers. Despite intensive endeavours on the part of car manufacturers to promote sales by offering special-term financing, the figures for consumer and other personal credits on our books kept rising.

The overall amount of standardized personal loans of up to DM50,000 outstanding at year-end was DM3.1bn, an increase of DM0.4bn, or 14.7%. Other retail credits including those to finance the purchase of equipment for medical and dental practices as well as advances against securities altogether grew by DM0.5bn, or 12.3%, to DM4.6bn.

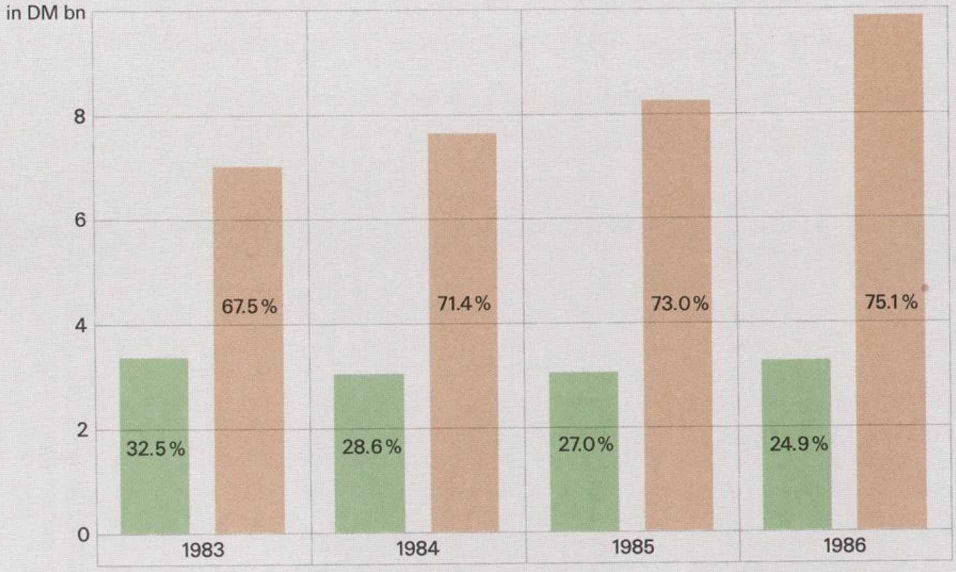
DM4.2bn of new home loans agreed

The building finance sector continued to develop very satisfactorily in 1986–a result we attribute among other things to our broadly-based cooperation agreements with home loan associations and life insurance companies also providing such finance. The close links with our mortgage banking subsidiary, RHEINHYP Rheinische Hypothekenbank AG, once again proved their worth in the retail field, too.

New home loans approved by the Parent Bank in 1986 reached DM4.2bn–a gain of 10% over 1985. Included in the total was–an unchanged–DM1.4bn of mortgage finance covered by contracts that were passed on to RHEINHYP for handling. For the Commerzbank Group as a whole, commitments to provide new home loans increased to DM5.8bn, up from DM5.3bn the previous year.

Buoyant new business boosted the aggregate amount of building loans outstanding within the Group by DM2.5bn to DM23.8bn, DM8.6bn of this (1985: DM7.7bn) being credits by the Parent Bank. Bad debts remained on a low level.

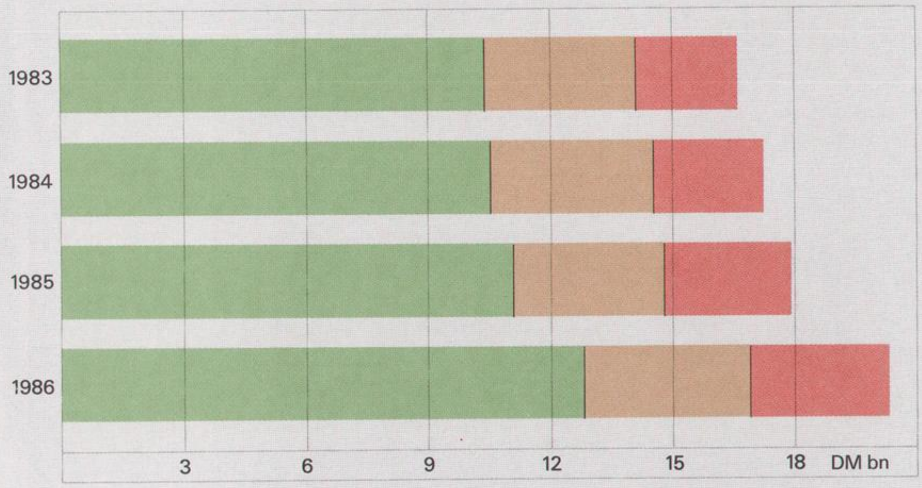
Private customers: deposits and loans continue to rise



Breakdown of savings deposits

Among the various forms of investment, savings deposits are increasingly being looked upon as a reserve that can be tapped at any time. Since 1983, the share in total deposits of those at statutory notice has risen annually, from 67.5% to 75.1%.

savings deposits at agreed period of notice
savings deposits at statutory period of notice
% share in total savings deposits

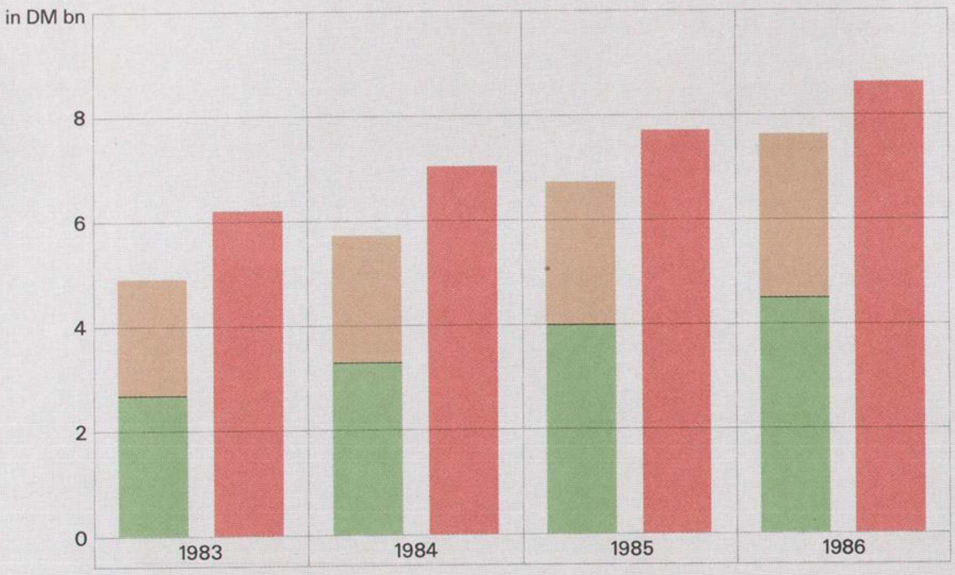


Private customer deposits

Even more strongly than in the previous year, our domestic retail customers added to their deposits in 1986.

Private individuals account for about 53% of the overall deposits by domestic clients.

savings deposits and savings certificates
time deposits
sight deposits



Retail lending

The demand for personal credits remained buoyant in 1986, too. Overall, their volume rose by an eighth, to DM16.3bn, representing 44% of the funds extended to domestic customers.

personal loan schemes (up to DM50,000)
other retail credits
home loans

Payments facilities improved again

Once again, the use made by our private customers of our payment transfer facilities intensified substantially. The growing application of computer technology both at cashier workstations and for client consultancy purposes has helped to speed up routine transactions as well as the flow of information. With over 8,000 display screens now installed throughout our domestic branch network (cf. page 20), including the equipping of our customer counsellors with a basic grid of general-purpose terminals, the availability of such facilities can by and large be considered as sufficient for the time being. Eurocheque-card-operated cash dispensers are becoming ever more popular; at end-1986, their number at Commerzbank totalled 39, and more are planned.

Syndicate and stock exchange business

Net sales of domestic bonds in 1986 at DM88bn were more than 11% up on 1985 and almost double their 1980 figure. However, record levels are less important than the enhanced „quality" of the German bond market: most significantly, the trend towards shorter maturities that had become quite worrying during the early eighties was not just stopped but even reversed. Thus, while in gross terms almost 22% more bonds with a life of over four years were sold, shorter-maturity paper–not least because they were partly made subject to minimum reserve requirements–mostly registered net redemptions.

The worldwide tendency towards securitized borrowing has now also gained ground in the German stock and bond markets. Particularly the public sector–and especially the Federal Government–had greater recourse than ever before to the capital market with its relatively low-cost funds; at DM46.3bn, the volume of public-sector bond issues alone was up by more than a third on the preceding year.

Financial novelties bring extra variety

1986 was another year that saw a number of financial novelties make their debut in the German capital market, among them zero bonds serving to fund loans against borrower's note and „naked"–or stripped–warrants. However, it was obvious again that German investors for the most part hardly warmed to innovations of this kind whose inherent higher risks–such as comparatively greater leverage as regards interest rate changes–they apparently find difficult to assess. The various kinds of conventional bond issues have therefore continued to prove more attractive–which explains why the share of zero bonds and floating rate notes in the overall net sales figure for domestic bonds and notes was less than 2%, the only notable upward exception being foreign DM bonds.

Foreign issues business retains its vigour

1986 brought another marked rise in the total volume of new DM bond offerings by foreign issuers, from DM31.1bn to DM37.6bn. Commerzbank lead-managed 33 such issues al-

Cooperation in underwriting syndicates

Year	Capital increases through rights issues*)	Domestic bond issues	Foreign DM bond issues
1976	20 totalling DM1.4bn	23 totalling DM10.8bn	70 totalling DM 7.2bn
1977	20 totalling DM1.0bn	15 totalling DM 8.5bn	87 totalling DM10.9bn
1978	22 totalling DM2.5bn	23 totalling DM11.5bn	98 totalling DM12.0bn
1979	19 totalling DM2.0bn	15 totalling DM12.9bn	55 totalling DM 6.8bn
1980	16 totalling DM2.7bn	11 totalling DM 9.2bn	66 totalling DM10.0bn
1981	20 totalling DM1.4bn	12 totalling DM13.5bn	41 totalling DM 5.2bn
1982	20 totalling DM2.0bn	20 totalling DM21.9bn	102 totalling DM12.1bn
1983	18 totalling DM2.6bn	24 totalling DM23.4bn	103 totalling DM14.6bn
1984	16 totalling DM1.9bn	21 totalling DM23.9bn	109 totalling DM17.0bn
1985	18 totalling DM4.7bn	29 totalling DM32.5bn	126 totalling DM24.7bn
1986	31 totalling DM9.2bn	31 totalling DM46.3bn	126 totalling DM25.1bn

*) cash proceeds.

In addition, we participated in placing 2,131 foreign currency bond issues between 1976 and 1986.

International bond issues

Tombstones illustrating our international syndicate business: in 1986, Commerzbank was the lead manager for 33 foreign DM bond offerings and seven denominated in other currencies, equivalent to an overall amount of DM6.3bn.

New Issue — This announcement appears as a matter of record only. — December 11, 1986

SEL

Standard Elektrik Lorenz Finance N.V.

Curaçao, Netherlands Antilles

A$ 30,000,000

14% Bearer Notes of 1986/1990

irrevocably and unconditionally guaranteed by

Standard Elektrik Lorenz Aktiengesellschaft

Stuttgart, Federal Republic of Germany

Issue Price: 101¼% · Interest: 14% p.a., payable annually in arrears on December 11 · Redemption: on December 11, 1990 at par · Denomination: A$ 5,000 · Security: irrevocable and unconditional guarantee of Standard Elektrik Lorenz Aktiengesellschaft, Stuttgart, Federal Republic of Germany; Negative Pledge Clause · Listing: Luxembourg Stock Exchange

COMMERZBANK AKTIENGESELLSCHAFT

BAIN AND COMPANY	BANQUE NATIONALE DE PARIS	BAYERISCHE LANDESBANK GIROZENTRALE
DEUTSCHE BANK CAPITAL MARKETS LIMITED	DRESDNER BANK AKTIENGESELLSCHAFT	DSL BANK DEUTSCHE SIEDLUNGS- UND LANDESRENTENBANK
NORDDEUTSCHE LANDESBANK GIROZENTRALE	SECURITY PACIFIC HOARE GOVETT LIMITED	SWISS VOLKSBANK
VEREINS- UND WESTBANK AKTIENGESELLSCHAFT	S. G. WARBURG SECURITIES	WESTDEUTSCHE LANDESBANK GIROZENTRALE

New Issue — This announcement appears as a matter of record only. — February 1986

DAI-ICHI KANGYO BANK NEDERLAND N.V.

Amsterdam, The Netherlands

DM 300,000,000

6½% Series A Bonds of 1986/1996

and

300,000 Warrants to subscribe DM 300,000,000 6½% Series B Bonds of 1986/1996

both Series of Bonds irrevocably and unconditionally guaranteed by

The Dai-Ichi Kangyo Bank, Limited

Tokyo, Japan

Issue Price: 100¼% · Interest: 6½% p.a., payable annually in arrears on February 14 · Optional redemption possible on or after April 1, 1991 · Final Maturity: February 14, 1996 · Denomination: DM 1,000.– · Warrant Price: DM 25.– per Warrant · Each Warrant will entitle the holder from August 1, 1986 to March 1, 1991 to receive DM 1,000.– principal amount of Series B Bonds by surrender of DM 1,000.– principal amount of Series A Bonds and from April 1, 1991 to January 1, 1996 to receive DM 1,000.– principal amount of Series B Bonds against payment of DM 1,000.– in cash · Listing: Frankfurt/Main

COMMERZBANK AKTIENGESELLSCHAFT — DAI-ICHI KANGYO INTERNATIONAL LIMITED

BANKAMERICA CAPITAL MARKETS GROUP	BANK MEES & HOPE NV	BANQUE BRUXELLES LAMBERT S.A.
BANQUE NATIONALE DE PARIS	BANQUE PARIBAS CAPITAL MARKETS LIMITED	BAYERISCHE LANDESBANK GIROZENTRALE
BAYERISCHE VEREINSBANK AKTIENGESELLSCHAFT	BERLINER HANDELS- UND FRANKFURTER BANK	CHEMICAL BANK INTERNATIONAL LIMITED
CIBC LIMITED	CITIBANK AKTIENGESELLSCHAFT	COUNTY BANK LIMITED
CREDITANSTALT-BANKVEREIN	CREDIT COMMERCIAL DE FRANCE	CREDIT LYONNAIS
CSFB-EFFECTENBANK AG	DAIWA EUROPE (DEUTSCHLAND) GMBH	DEUTSCHE BANK AKTIENGESELLSCHAFT
DG BANK DEUTSCHE GENOSSENSCHAFTSBANK	DRESDNER BANK AKTIENGESELLSCHAFT	EBC-AMRO INTERNATIONAL LIMITED
FIRST CHICAGO LIMITED	GENOSSENSCHAFTLICHE ZENTRALBANK AG VIENNA	GOLDMAN SACHS INTERNATIONAL CORP.
KREDIETBANK INTERNATIONAL GROUP	LLOYDS MERCHANT BANK LIMITED	MANUFACTURERS HANOVER LIMITED
MERRILL LYNCH CAPITAL MARKETS	SAMUEL MONTAGU & CO. LIMITED	MORGAN GUARANTY GMBH
MORGAN STANLEY INTERNATIONAL	THE NIKKO SECURITIES CO., (DEUTSCHLAND) GMBH	NIPPON KANGYO KAKUMARU (EUROPE) LIMITED
NOMURA EUROPE GMBH	ORION ROYAL BANK LIMITED	SWISS BANK CORPORATION INTERNATIONAL LIMITED
SWISS VOLKSBANK	UNION BANK OF SWITZERLAND (SECURITIES) LIMITED	S.G. WARBURG & CO. LTD.
WESTDEUTSCHE LANDESBANK GIROZENTRALE	WESTPAC BANKING CORPORATION	YAMAICHI INTERNATIONAL (DEUTSCHLAND) GMBH

New Issue — This announcement appears as a matter of record only. — December 4, 1986

Bertelsmann International Finance Limited N.V.

Curaçao, Netherlands Antilles

U.S. $ 200,000,000

8% Bonds of 1986/1993

irrevocably and unconditionally guaranteed by

Bertelsmann Aktiengesellschaft

Gütersloh, Federal Republic of Germany

Issue Price: 100% · Interest: 8% p.a., payable annually in arrears on December 4 · Final Maturity: December 4, 1993 · Denomination: U.S. $ 5,000 · Security: irrevocable and unconditional guarantee of Bertelsmann Aktiengesellschaft, Gütersloh, Federal Republic of Germany; Negative Pledge Clause of the Issuer and the Guarantor · Listing: Luxembourg Stock Exchange

COMMERZBANK AKTIENGESELLSCHAFT — DEUTSCHE BANK CAPITAL MARKETS LIMITED

ALGEMENE BANK NEDERLAND N.V.	BANQUE INTERNATIONALE A LUXEMBOURG S.A.	BANQUE NATIONALE DE PARIS
BARING BROTHERS & CO., LIMITED	BAYERISCHE HYPOTHEKEN- UND WECHSEL-BANK AKTIENGESELLSCHAFT	BAYERISCHE VEREINSBANK AKTIENGESELLSCHAFT
BERLINER HANDELS- UND FRANKFURTER BANK	CHASE INVESTMENT BANK LIMITED	CREDITANSTALT-BANKVEREIN
CREDIT LYONNAIS	CREDIT SUISSE FIRST BOSTON LIMITED	DG BANK DEUTSCHE GENOSSENSCHAFTSBANK
DRESDNER BANK AKTIENGESELLSCHAFT	DSL BANK DEUTSCHE SIEDLUNGS- UND LANDESRENTENBANK	GENERALE BANK
LLOYDS MERCHANT BANK LIMITED	MORGAN GUARANTY LTD	NORDDEUTSCHE LANDESBANK GIROZENTRALE
PRUDENTIAL-BACHE SECURITIES INTERNATIONAL	SALOMON BROTHERS INTERNATIONAL LIMITED	SOCIETE GENERALE
SWISS BANK CORPORATION INTERNATIONAL LIMITED	SWISS VOLKSBANK	UNION BANK OF SWITZERLAND (SECURITIES) LIMITED
VEREINS- UND WESTBANK AKTIENGESELLSCHAFT	S.G. WARBURG, AKROYD, ROWE & PITMAN, MULLENS SECURITIES LTD.	WESTDEUTSCHE LANDESBANK GIROZENTRALE

New Issue — This announcement appears as a matter of record only. — October 23, 1986

Hispano Americano International Limited

(Incorporated with limited liability in the Cayman Islands)

U.S.$ 100,000,000

Primary Capital Guaranteed Floating Rate Notes Due 2006

(redeemable at the option of the Noteholders in 1998)

with a substitution guarantee on a subordinated basis of

Banco Hispano Americano, S.A.

(Incorporated with limited liability in Spain)

Issue Price: 100% · Interest: LIBOR for six months + ⅛% p.a., payable semi-annually in arrears in April and October, no minimum interest rate · Final Maturity: October 2006 · Denomination: U.S.$ 10,000 · Listing: Luxembourg Stock Exchange

COMMERZBANK AKTIENGESELLSCHAFT — CREDIT LYONNAIS

BANCO DI ROMA	BANKAMERICA CAPITAL MARKETS GROUP	CITICORP INVESTMENT BANK LIMITED
CREDIT SUISSE FIRST BOSTON LIMITED	DAIWA EUROPE LIMITED	DKB INTERNATIONAL LIMITED
LTCB INTERNATIONAL LIMITED	MERRILL LYNCH CAPITAL MARKETS	MITSUI FINANCE INTERNATIONAL LIMITED
MORGAN GRENFELL & CO. LIMITED	NOMURA INTERNATIONAL LIMITED	TOKAI INTERNATIONAL LIMITED

YAMAICHI INTERNATIONAL (EUROPE) LIMITED

New Issues — This announcement appears as a matter of record only. — March/April 1986

DM 5,732,440,000

Zero-Coupon Deutsche Mark Bearer Bonds

Euro-DM Securities Limited

St. Helier, Island of Jersey, Channel Islands

DM 1,435,280,000 Zero-Coupon Deutsche Mark Bearer Bonds

consisting of

DM 800,000,000 Zero-Coupon Deutsche Mark Bearer Bonds of 1986/2016
DM 211,760,000 Zero-Coupon Deutsche Mark Bearer Bonds of 1986/2011
DM 211,760,000 Zero-Coupon Deutsche Mark Bearer Bonds of 1986/2006
DM 211,760,000 Zero-Coupon Deutsche Mark Bearer Bonds of 1986/2001

secured on a Schuldschein issued by

Deutsche Bundespost

(The German Federal Post Office)

Issue Price and Final Maturity:
– 15.95% for the Zero-Coupon Bonds due March 14, 2016 – 20.95% for the Zero-Coupon Bonds due March 14, 2011
– 27.85% for the Zero-Coupon Bonds due March 14, 2006 – 37.80% for the Zero-Coupon Bonds due March 14, 2001
Denomination: DM 10,000 · Listing: Frankfurt/Main

Commerzbank Aktiengesellschaft — Salomon Brothers International Limited

Deutsche Bank Aktiengesellschaft — Dresdner Bank Aktiengesellschaft

Series B Euro-DM Securities Limited

St. Helier, Island of Jersey, Channel Islands

DM 1,056,220,000 Zero-Coupon Deutsche Mark Bearer Bonds

consisting of

DM 766,500,000 Zero-Coupon Deutsche Mark Bearer Bonds of 1986/2016
DM 144,860,000 Zero-Coupon Deutsche Mark Bearer Bonds of 1986/2006
DM 144,860,000 Zero-Coupon Deutsche Mark Bearer Bonds of 1986/2001

secured on a Schuldschein issued by

Deutsche Bundesbahn

(The German Federal Railway)

Issue Price and Final Maturity: 17.60% for the Zero-Coupon Bonds due April 3, 2016 – 28.35% for the Zero-Coupon Bonds due April 3, 2006 – 38.05% for the Zero-Coupon Bonds due April 3, 2001 · Denomination: DM 10,000 · Listing: Frankfurt/Main

Commerzbank Aktiengesellschaft — Salomon Brothers International Limited

Deutsche Bank Aktiengesellschaft — Dresdner Bank Aktiengesellschaft

Series C Euro-DM Securities Limited

St. Helier, Island of Jersey, Channel Islands

DM 1,136,460,000 Zero-Coupon Deutsche Mark Bearer Bonds

consisting of

DM 600,000,000 Zero-Coupon Deutsche Mark Bearer Bonds of 1986/2016
DM 268,230,000 Zero-Coupon Deutsche Mark Bearer Bonds of 1986/2006
DM 268,230,000 Zero-Coupon Deutsche Mark Bearer Bonds of 1986/1996

secured on a Schuldschein issued by

Kreditanstalt für Wiederaufbau

Frankfurt/Main

Issue Price and Final Maturity: 17.65% for the Zero-Coupon Bonds due April 10, 2016 – 27.85% for the Zero-Coupon Bonds due April 10, 2006 – 54.75% for the Zero-Coupon Bonds due April 10, 1996 · Denomination: DM 10,000 · Listing: Frankfurt/Main

Commerzbank Aktiengesellschaft — Salomon Brothers International Limited

Deutsche Bank Aktiengesellschaft — Dresdner Bank Aktiengesellschaft

CSFB-Effectenbank AG — Morgan Guaranty GmbH

Series D Euro-DM Securities Limited

St. Helier, Island of Jersey, Channel Islands

DM 2,104,480,000 Zero-Coupon Deutsche Mark Bearer Bonds

consisting of

DM 850,000,000 Zero-Coupon Deutsche Mark Bearer Bonds of 1986/2026
DM 517,760,000 Zero-Coupon Deutsche Mark Bearer Bonds of 1986/2021
DM 218,960,000 Zero-Coupon Deutsche Mark Bearer Bonds of 1986/2011
DM 517,760,000 Zero-Coupon Deutsche Mark Bearer Bonds of 1986/2006

secured on a Schuldschein issued by

The State of Baden-Württemberg

Issue Price and Final Maturity: 9.70% for the Zero-Coupon Bonds due April 8, 2026 – 12.55% for the Zero-Coupon Bonds due April 8, 2021 – 22.00% for the Zero-Coupon Bonds due April 8, 2011 – 27.00% for the Zero-Coupon Bonds due April 8, 2006 · Denomination: DM 10,000 · Listing: Frankfurt/Main

Commerzbank Aktiengesellschaft — Salomon Brothers International Limited — Deutsche Bank Aktiengesellschaft

Dresdner Bank Aktiengesellschaft — Banque Paribas Capital Markets Limited — Crédit Lyonnais

CSFB-Effectenbank AG — Generale Bank — Kredietbank International Group

Nomura Europe GmbH — Baden-Württembergische Bank Aktiengesellschaft

Badische Kommunale Landesbank – Girozentrale – — Württembergische Kommunale Landesbank Girozentrale together worth DM4.4bn; they included such newcomers to this segment of the market as Japan's leading credit institution, Dai-Ichi Kangyo Bank, a Danish savings bank group, Sparekassen Bikuben, a member of the French Thomson conglomerate, Banque d'Arbitrage, de Trésorerie et d'Instruments Financiers, and the foreign financing arm of a major German home loan association, BHW-Bausparkasse Beamtenheimstättenwerk. We also acted as co-manager for a further 74 foreign DM bond offerings of an aggregate value of DM17.1bn.

The volume of foreign-currency bonds issued in the Euromarket also recorded strong growth, to an equivalent of over US$185bn. We were the lead manager for five US dollar issues totalling US$500m and for two denominated in Australian dollars worth A$80m, the former including, in particular, US$200m of bonds issued by Bertelsmann International Finance Limited N.V., the foreign financing vehicle of the German publisher. In addition, we co-managed 340 foreign-currency bond offerings of an equivalent of altogether US$42.5bn.

We also participated in 70 foreign share placements, co-managing 29 of them that produced overall cash proceeds equivalent to DM30bn. Generally, the international loan syndications business in the year under review was characterized by the further momentum that was gained by new forms of finance such as revolving underwriting facilities or multiple option facilities and the continued narrowing of spreads, which led us to rein in our activities in this segment of the market considerably.

Bourse listings and company presentations

In 1986, we were again involved in a number of German stock exchange listings of foreign shares, acting as lead-manager in three cases:

- for Copenhagen Handelsbank A/S, the first Danish company to be officially quoted in West Germany,
- for BTR plc, a British conglomerate ranking among the top ten companies officially traded on the London Stock Exchange,
- and for Anheuser-Busch Companies, Inc. of the U.S. which, through a subsidiary, operates the world's largest brewery.

As in previous years, we arranged for many foreign firms to present themselves to German financial analysts and institutional investors so as to strengthen the already existing links with the German capital market, or to pave the way either for tapping the latter in the future or for a later stock exchange introduction. Chief among these companies were American Brands, Avis Europe, Bührmann-Tetterode, Fokker, and GKN.

Project financing and syndications

In the area of international project financing, we were able further to reinforce our market presence. Given the uncertainty as to how energy and raw material prices will develop, we were very selective in stepping up our commitment in these fields, preferring instead to become more strongly involved in communications and in infrastructure projects. Commerzbank is a member of the advisory panel for the financing of Europe's most ambitious current venture, the Channel rail tunnel to link England and France.

Mergers and acquisitions

Our intermediation services for the partial or full acquisition or sale of companies and for cooperation agreements between German and foreign firms were once more very much sought after. On the buyer side, the prime motive was the wish to diversify and as before, would-be purchasers tended easily to outweigh sellers. Our efforts concentrated on the chemical and pharmaceutical sectors and the car supplier and electronic industries, as also on providers of specialist services.

German stock market coming of age

At the start of 1986, falling oil prices and declining interest rates together with substantial foreign buying lent such impetus to the German share market that prices, continuing the bullish trend of several years, reached yet another historical high in April. This was, however, followed by a prolonged phase of consolidation so that by end-December, prices had plunged about 10% below that level.

Yet last year also saw remarkable growth on several counts, the market thus demonstrating its maturity:

- the stock exchange capitalization of all listed German shares rose by end-1986 to over DM480bn, corresponding to about half of the overall volume of domestic bonds in circulation, compared with a figure of just over one-fifth in August 1982 when stocks had set off on their 3 1/2-year surge;

- the volume of domestic and foreign shares traded on German stock exchanges in 1986 shot up to almost DM330bn, so that as in 1985 shares out-performed bonds in terms of turnover;

- the flood of capital increases and bourse introductions went on rising (cf. page 24 of insert on the economic scene published with this report).

We assisted with 31 capital increases generating total cash proceeds of DM9.2bn, as against DM4.7bn in 1985. We also participated in the placing of shares of 12 German companies, producing an overall DM4.2bn of cash receipts; in four of these cases–namely the partial sell-off of government-held shares in Volkswagen AG, Industrieverwaltungsgesellschaft AG and VIAG AG, and in a placement for VDO Adolf Schindling AG–we acted as co-manager. Moreover, we helped with two issues of profit-sharing certificates together yielding DM274m.

As at the same time we maintained our endeavours to expand our client counselling capacity, commission business in the securities field again recorded satisfying growth. Thus the volume of dealings in German stocks handled for domestic customers rose by no less than 40%. The figure was even higher in the case of foreign shares; in fact, these now account for almost one-third of all shares we traded on our clients' behalf. This contrasted with the bond side of our business, where the marked reluctance of domestic private investors to commit themselves to fixed-interest paper brought a slight decline in dealing volumes. Against this there were record purchases of German bonds from abroad, though, which gave a strong boost to our rapidly expanding business with foreign investors.

Earnings on securities business up again

We once again managed substantially to raise the overall income from our securities business, including that from own-account trading. Moreover, the sale of DM0.7bn of the Bank's own bearer bonds (1985: DM0.9bn) was an important contribution by this sector to keeping our funding costs down.

The volume of funds administered by our asset management section was sharply up thanks to both inflows and price gains. The three teams active in the domestic market–in Frankfurt, Düsseldorf and Hamburg–turned in a successful performance. Within the Commerzbank Group, there are further independently operating asset management teams at the subsidiaries in Berlin and Saarbrücken and, abroad, at Commerzbank (Switzerland) Ltd, Zurich, and Commerzbank International S.A., Luxembourg.

Bond investment funds retaining their popularity

Among German investment funds, those managing shares saw a slowdown in 1986 in the sustained decline of the volume of funds placed with them. Only a few specialized share funds recorded net inflows as did, in particular, bond funds which thus continued their trend of several years. Our affiliate ADIG Allgemeine Deutsche Investment-Gesellschaft mbH again achieved high growth rates for those of its bond funds either investing in German paper or managing international portfolios. The aggregate volume of assets managed by all 13 ADIG funds rose from DM11.2bn to DM13.2bn at end-1986; for seven of them, with total assets of DM8.5bn, Commerzbank acts as depository bank.

A wholly-owned subsidiary of ours active in this field, Commerzbank Fonds-Verwaltungsgesellschaft mbH (Cofo), at year-end was renamed Commerzbank Investment Management GmbH so that the name would reflect the tendency of its institutional investor funds to adopt increasingly international investment strategies. The Düsseldorf-based company that is operating through its Frankfurt branch was able to reinforce its position in the not-publicly-offered funds sector. At end-1986, it was managing 93 of the latter with total assets of DM5.8bn, as against 77 such funds administering assets of DM4.5bn twelve months earlier. All of them are run on behalf of German institutional investors who are to a growing extent seeking the services of professional asset management firms.

Open and closed-end property funds

HAUS-INVEST, for which we also serve as depository bank, has continued to rank among the country's leaders in the open-end property fund sector in terms of yields achieved. Assets managed at end-1986 totalled DM928m, up DM157m from the previous year.

Moreover, customers were again able to invest in closed-end property funds as well by acquiring limited-liability shares offered by our subsidiary Deutsche Immobilien Leasing GmbH (DIL); they did so to the tune of DM14.3m.

We successfully placed US$31m of shares for ARICO America Realestate Investment Co. in connection with a capital increase that served to finance a new office building in Seattle, Wash., USA.

New York investment bank

EuroPartners Securities Corporation–the New York investment bank in which we hold a 40% share–is chiefly concerned with advising European customers on investments in the US securities markets. As in the previous year, however, there was little attraction in switching from DM holdings into US dollar-denominated paper because of the US currency's sustained slump, and investors hence tended to concentrate on the European and Japanese markets which promised higher yields. The Wall Street rally which started in early 1987 immediately reversed this situation, though.

In the year under review the bank, which has a seat on the New York Stock Exchange, underwrote some 130 new share and bond issues. In addition to securities business, it is engaged in asset management, long-term corporate finance, and mergers and acquisitions.

International activities

Within the framework of our foreign business, the provision of financial support for German companies' operations abroad remains one of the foremost tasks–but one for which the underlying economic conditions became more difficult in 1986. Moreover, German exporters' competitive position was impaired as protectionist tendencies made themselves felt. Increasingly, however, we have made our services available to our foreign customers.

International activities account for about a third of Commerzbank's overall business volume, both for the Parent Bank and the Group. Our operative bases abroad have successfully put new financial instruments to use, thus supplementing the tailored packages for the financing of both working funds and longer-term investments that have already been offered to customers. The latter's ability to hold an edge in the international market often hinges crucially upon the financial engineering they can obtain from their banks. These, in turn, see their own competitiveness determined more and more by the speed with which decisions on how to meet customers' financing needs must be taken–a challenge we have been trying to face up to by thoroughly streamlining our internal decision-making procedures.

Our cooperation with correspondent banks all over the world is becoming ever closer. For a number of syndicated Eurocredits we acted as either lead or co-manager last year, but with securitization gaining ground the weight of this sector of the Euromarket has declined.

In Western Europe, the now well-established TransCredit cross-border loan scheme operated jointly with the other member banks of the Europartners group has again proved its worth. We primarily use it as a source for operating funds which are readily available locally to the subsidiaries of German firms based in the countries of our partner banks.

With about one-half of the total, the emphasis of our foreign commercial business is clearly on Western Europe where, thanks to the stronger integration within the EEC, a rising portion of these transactions can be handled as smoothly as our–comparatively unproblematic–domestic transfer operations. In addition, as automation progresses there is good reason to expect further cost reductions.

Outside Europe, the accent was on the Western industrialized countries in which the structure of banking services and products corresponds largely to European standards. Payments transactions with both the newly industrializing and the developing nations have continued to be chiefly on a documentary basis. We were particularly pleased to see our forfaiting business, which benefitted from our involvement in several major projects, develop favourably despite keen competition.

The problems of the highly indebted states–especially those of Latin America–still wait to be seriously addressed. We have lent support to the rescheduling agreements concluded, and in some cases directly participated in the negotiations. Apart from the close collaboration of the creditor banks, we set great store by the active involvement of the International Monetary Fund and the World Bank.

Our international organization

Our international presence extends to some 30 countries through almost 70 outlets and affiliates, with the network of operative bases, subsidiaries, and representative offices particularly dense in Western European countries given the latter's close economic links with the Federal Republic. Our Paris branch celebrated its tenth anniversary in 1986 and looks forward to stepped-up growth in the future as the strict regulations that have so far inhibited banking business in France are relaxed. In the U.S., we are now active from coast to coast, through four operative units. The market allowing us a particularly strong expansion in the Far East was Japan where, thanks to the growing liberalization of the banking sector, we were able to reinforce our engagement by establishing our own investment bank, Commerz Securities (Japan) Co. Ltd. (cf. page 18).

With our foreign subsidiaries included, our worldwide network now comprises 18 operative bases that are located as follows:

Amsterdam [1])	Luxembourg [2])
Antwerp	Madrid
Atlanta	New York
Barcelona	Osaka
Brussels	Paris
Chicago	Rotterdam [1])
Hong Kong	Singapore [3])
London	Tokyo
Los Angeles	Zurich [4])

[1]) Commerzbank (Nederland) N.V.;
[2]) Commerzbank International S.A.;
[3]) Commerzbank (South East Asia) Ltd.;
[4]) Commerzbank (Switzerland) Ltd.

We also maintain a branch on Grand Cayman island.

Foreign subsidiaries and affiliates

We report in detail on the activities of our major foreign subsidiaries

Commerzbank International S.A. –CISAL–, Luxembourg,
Commerzbank (Nederland) N.V., Amsterdam,
Commerzbank (Switzerland) Ltd, Zurich,
and
Commerzbank (South East Asia) Ltd. –COSEA–, Singapore

in our Consolidated Annual Report (cf. pages 76 to 83 of this report).

International Commercial Bank PLC–in which we have a 12% interest–is a London-based institution specializing in the Euromarkets. While its total assets remained more or less steady at £1.1bn in 1986, its operating profit was boosted slightly to £6.4m. With the dividend maintained at its 1985 level, allocations to both general and loan loss reserves were raised again.

UBAE Arab German Bank S.A., Luxembourg/Frankfurt, 25.1% of whose capital we hold, continued to make good progress. Its earnings position permitted a further strengthening of reserves. The bank is increasingly involved in West Germany's trade with the Middle East for which it has become a recognized specialist enjoying ever greater popularity with German exporters.

In South Korea, we have since 1979 been operating through Korea International Merchant Bank (KIMB), Seoul, which we helped to found and in which we own a 20% stake. During the first nine months of its 1986 financial year which ran to March 31, 1987, the bank maintained its satisfactory performance in terms of earnings and volume of business alike, and the accounts showed total assets at end-1986 to be up again, by 11% in local currency. Owing to the expansion of the country's economy, the bank was able to step up its lending in both Korean won and foreign currencies–mainly US dollars–by altogether 12%. Sustained demand for capital goods was reflected in a 45% rise in the asset item leasing equipment. The bank once more acted as lead and co-manager for a large number of won-denominated bond offerings issued by both local and foreign borrowers.

The international presence of the four member banks of the Europartners group–Banco di Roma, Banco Hispano Americano, Commerzbank and Crédit Lyonnais–is shown on the maps on pages 105 to 107. The activities of their joint New York subsidiary, EuroPartners Securities Corporation, have already been outlined on page 33 and those of another joint operation, Commerz-Credit-Bank Aktiengesellschaft Europartner, Saarbrücken, are reported on page 61.

Worldwide foreign-exchange trading

The extremely volatile US dollar and especially its dramatic slump, together with widely expected parity readjustments within the European Monetary System, generated an increased need for forward cover on the part of those of our customers engaged in foreign trade. Accordingly, they relied heavily upon our foreign-exchange trading units at home and abroad.

To meet the wishes of our clients in southern Germany for direct access to the forex market we strengthened our dealer team in Munich, while at the same time linking it to the central treasury and foreign exchange department in Frankfurt. Thus our domestic corporate customers can immediately avail themselves of the efficient services of our four trading teams in Frankfurt, Düsseldorf, Hamburg and now also in Munich, who are concerned exclusively with companies' specific currency needs and who–like our own-account dealing units–form part of our worldwide forex trading network extending to all the main financial centres.

Our system of allocating own-account transactions and those on behalf of clients to different groups of dealers has again proved its worth. Yet with both teams sharing the same premises in each location, those working for our customers have the advantage of a direct, constant link-up with the arbitrage operations their colleagues effect for the Bank. This enables them at any time to keep abreast of the latest market trends and, therefore, to quote prices clearly reflecting these.

Our international activities were further expanded through a forex desk that became operative at our Los Angeles branch in February 1987. With a total of 17 dealer teams spread all over the world and assuring our presence in every time zone, we are able to offer a truly round-the-clock service. We continue to regard as our particular strength the market positions we have established in a number of currencies not officially quoted and in the handling of longer-term forward transactions.

To meet our clients' foreign exchange hedging requirements with as broad a range of facilities as possible we have, with growing success, over the past three years offered them currency options as well. Besides providing forward cover, the latter can represent an opportunity for extra gains, particularly when exchange rates are fluctuating wildly. In order also to take care of our corporate customers' need to protect themselves against interest-rate risks, we have over the last year taken the necessary steps on the organizational and staff sides to offer them interest-rate swaps and caps.

Recruitment marketing
–a modern approach for procuring staff

In common with certain other enterprises, banks are at present finding it difficult, despite their own intensive basic and advanced training schemes, to cover their need for qualified personnel smoothly; an insufficient supply of suitable people is available to meet demand.

In addition, the standards expected of staff have risen substantially and will continue to mount in the future. Especially at a premium are individual customer counselling ability in all business segments and convincing sales talk. The skill and commitment of the employee, encouraged by qualified managerial personnel, are decisive factors in winning new customers and strengthening already existing relationships.

In view of this situation, conventional means of approaching potential employees are often unsuccessful since they fail to get through to the intended addressees properly. In order to reach the target group, therefore, Commerzbank has opted to use modern marketing methods. When recruiting staff, the Bank attempts to touch upon the manifest and latent expectations of the people in question, which might be realized in the vacant positions it offers. Prominent among these subjective attitudes are the recognition of individual effort, the assumption of personal responsibility, and scope for initiative.

Commerzbank has embarked upon such a course of recruitment marketing. The latter's credibility, however, is dependent upon a staffing policy geared to the above-mentioned factors–a policy which mobilizes personal aspirations, relates them to clear-cut job requirements and points just as unequivocally to the career openings it can offer anyone who measures up to these demands. Quite consciously, then, this personnel policy focuses on those potential applicants whose qualifications correspond to the Bank's ideas on performance and aptitude. Moreover, the approach can be used to make contact with candidates from outside the Bank and in-house staff alike.

Externally-oriented recruitment marketing ...

The most important source of information for recruiting personnel from outside is the job vacancy announcement. In autumn 1986, the Bank published a series of advertisements consisting of three elements: an image advertisement, placed in the financial section of leading newspapers, linked in its text the career expectations of performance-oriented potential applicants with the career prospects which the Bank as a performance-oriented enterprise can offer.

In a subsequent advertisement, the Bank emphasized the opportunities it offers by presenting selected examples of the individual careers of several younger employees. These were flanked by the actual job vacancy announcements, which were designed to address directly those readers whose curiosity had been aroused.

Generally, this combination of advertisements met with a disproportionately high level of interest. At the same time, it fulfilled to a great extent its real purpose of getting its message across to the people for whom the information was intended.

As a complementary measure, the Bank approaches qualified young people through other channels. Consequently, it has maintained, for some time now, close contacts with schools and universities. Cooperation with AIESEC, an international association representing the interests of economics students, is particularly intensive.

... and its internal counterpart

But in-house staff are also a target group of recruitment marketing. Here it is primarily an instrument used in tackling the recurrent problem of how to prepare staff in good time for the market-induced and industry-specific changes affecting jobs in the Bank such that they are able to meet the demands made on them at any time. To achieve this, information, advanced training, and motivation are united into a single conception.

Clear and attractively presented information is used to explain to employees how their work environment is changing. From this, they are supposed to conclude which steps they must take in order to adapt along with the change. The Bank reinforces their willingness to adjust to new requirements by sketching out for them individual career possibilities and offering the corresponding advanced training seminars.

Having designed the first advertisement to arouse the interest of potential applicants, Commerzbank used the follow-up to highlight the career opportunities which it offers employees.

COMMERZBANK

Ab und zu sollte man sein Karrierekonto prüfen . . .

SOLL *ich weiter auf die Möglichkeit warten, mein Fachwissen, Können und Engagement zum Nutzen von Kunden, Arbeitgeber und Ressort einzusetzen?*	**HABEN** *meine derzeitigen Aufgaben genug Substanz und Perspektiven, so daß weiteres Verbleiben und Ausharren wirklich gerechtfertigt sind?*
Meine Antwort:	Meine Antwort:

"Die Bank mit den besonderen beruflichen Möglichkeiten"

Diese Feststellung bekommen wir immer häufiger zu hören, wenn es um die

COMMERZBANK

Michael R. Hase (r.)
Mitleiter der Gebietsstelle Mainz
Jahrgang 1947, verheiratet, 2 Kinder, im Gespräch mit einem seiner Abteilungsleiter.

Ging nach dem Abitur zur Commerzbank, um dort als Auszubildender die Bankpraxis zu lernen. Danach Studium der Volkswirtschaft, das er 1974 abschloß. Nach zweijähriger wissenschaftlicher Tätigkeit Wiedereintritt bei der Commerzbank – diesmal in die Traineeausbildung, die er zügig absolvierte. Ein Jahr später war er bereits Leiter der Commerzbank-Filiale Coburg. Es folgten Einsätze als Firmenkundenbetreuer in der Filiale Frankfurt. Danach Sonderaufgaben in der Zentralen Firmenkundenabteilung. Seit 11/84 Mitleiter unserer Gebietsstelle Mainz.

Claus Weltermann
Leiter der Vermögensverwaltung
Jahrgang 1946, verheiratet, 2 Kinder.

Begann bei der Commerzbank mit der Ausbildung zum Bankkaufmann, auf die der Einsatz beim Bundesgrenzschutz folgte. Zur Commerzbank zurückgekehrt, setzte er sich die Spezialisierung als Wertpapier-Berater zum Ziel. Sein Lieblingsthema verlor er auch in den folgenden Jahren nicht aus dem Kopf, als die Bank ihn in ein anspruchsvolles Rotationsprogramm schickte, das viel geistige und physische Mobilität verlangte: Einsätze in unterschiedlichsten Beratungs- und Leitungsfunktionen in Kaiserslautern, Wiesbaden, Nürnberg, Frankfurt. Seit 1/85 leitet Claus Weltermann die Vermögensverwaltung der Gesamtbank.

Burkhard Leffers
Leiter eines Referates der Zentralen Konsortialabteilung
Jahrgang 1948, verheiratet, 3 Kinder.

Studierte – nach der Banklehre bei der Commerzbank – Betriebswirtschaft und ging anschließend ins Commerzbank-Trainee-Programm. Das zunächst noch offene Ziel konkretisierte sich nach einem hausinternen Fachvortrag. Der nächste Schritt: Mitte 1977 Assistent im Amerika-Referat der Zentralen Konsortialabteilung. Daß jetzt das persönliche Entwicklungsfeld „gefunden" war, belegt die weitere Entwicklung: Ein halbes Jahr bei zwei befreundeten Emissionshäusern in London, Referatsleitung zunächst Südamerika, dann zusätzlich Kanada, Spanien und Portugal. Seit 7/1986 stellv. Direktor der Zentralen Konsortialabteilung.

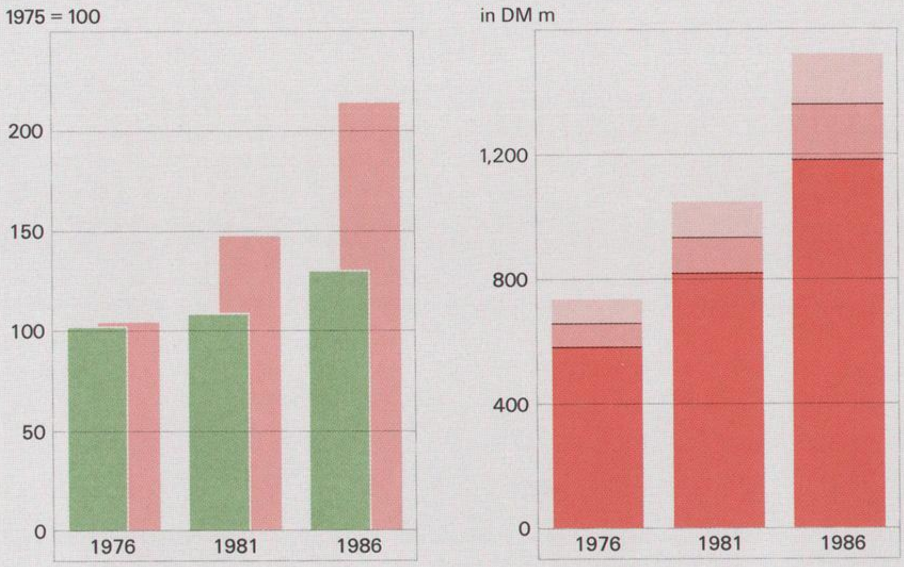
Aufgaben und Freiräume.
Das Wichtigste für fähige junge Menschen.

Unser Ziel ist nach vorn ge-

Solche Menschen sind es, die

mit der Entwicklung unserer Mitarbeiter.

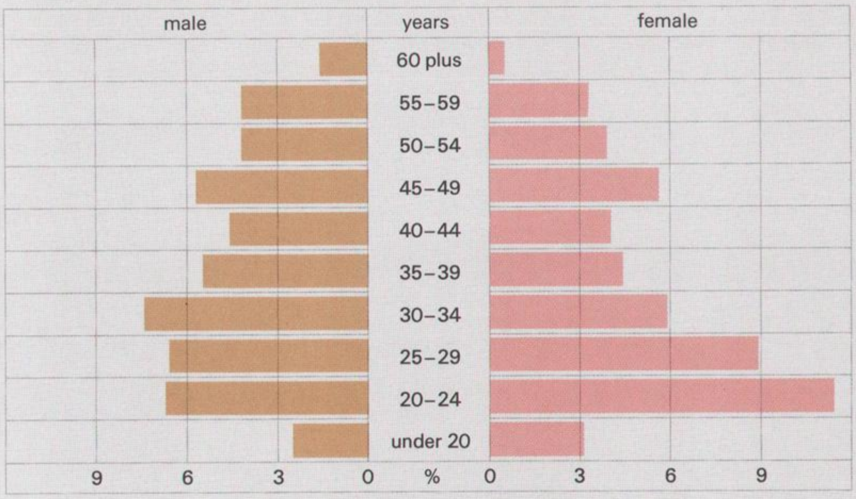
Commerzbank's staff as reflected in personnel statistics



Number of employees and personnel expenditure

During the past ten years, our staff has increased by a good quarter, to 22,500. Over this period, personnel costs have more than doubled–with social insurance contributions continuing to register the strongest climb.

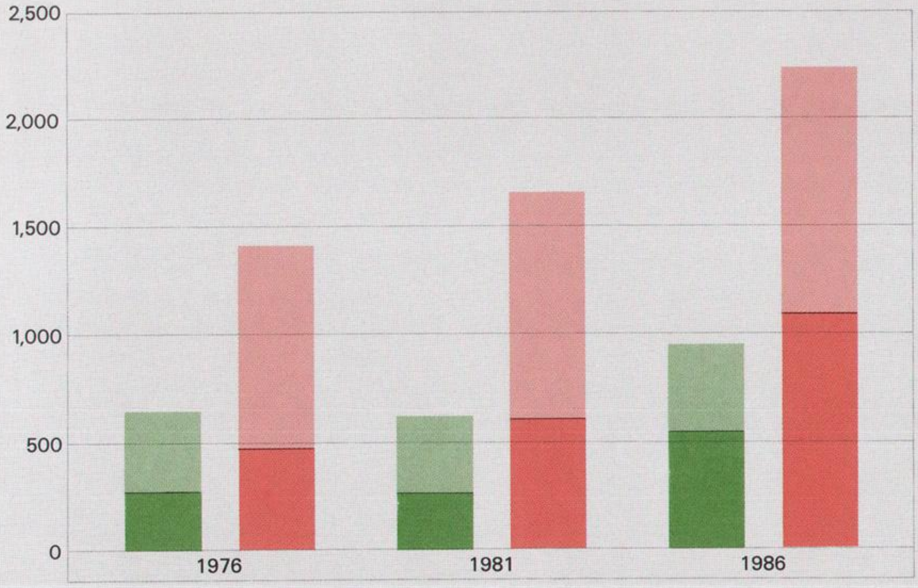
- number of employees
- personnel expenditure:
- pension fund contributions, benefits
- social insurance contributions
- wages and salaries



Commerzbank's staff, by age groups

Given an average age of 36 for our staff, two out of every five employees are under 30.

- female employees
- male employees



Changes in basic training

With an overall increase in the training posts we offer, apprentices possessing a university entrance qualification have become the largest group.

- New recruitments, of which:
- apprentices with other school-leaving certificate (intermediate certificate, limited college entry qualification)
- apprentices with university entrance qualification

- Total, of which:
- apprentices with other school-leaving certificate
- apprentices with university entrance qualification

Staff and welfare report

A substantial part of our success during the 1986 business year was again due to our staff, who served customers and the Bank alike with commitment and a sense of responsibility. For this, we wish to express our gratitude towards them once again.

Our special thanks are extended to all our employees who retired during 1986, most of them after long years of service. We shall always honour the memory of those members of staff and pensioners who died in the course of 1986.

Data on staff

(Numbers of employees at year-end, given in full-time equivalent figures for the Parent Bank; corresponding year-ago statistics in parentheses.)

- Our permanent staff–employees, excluding apprentices, junior executive staff and temporary personnel–went up by 1,091 (957) to 19,781.
- The number of staff active in West Germany and abroad rose by 1,335 (1,188) to 22,539, representing an increase of 6.3% (5.9%).
- In 1986, we took on 952 (940) apprentices, bringing the total to 2,233 by year-end. The proportion of apprentices to permanent domestic personnel has edged slightly upwards to 11.8% (11.6%).
- 403 employees (end-1985: 357) were taking part in our junior training scheme at end-1986.
- In Commerzbank's foreign outlets and representative offices, 811 (732) people were active at year-end, 681 (606) of whom were recruited on a local basis.
- The proportion of staff giving notice declined to 3.8% (4.2%).
- The overall pattern for the length of service reveals:
  48% (45%) of our personnel have been with us for longer than 10 years and
  16% (14%) for more than 20 years.
- The average age of our staff remained unchanged at 36.
- At year-end, the number of pensioners and surviving dependents was 5,083 (4,866). 316 (346) employees left us for retirement. An additional 182 (162) took advantage of the Bank's early retirement scheme.

Personnel expenditure and welfare provision

- Personnel expenditure rose by 11.9% (9.3%) to DM1,526.3m (DM1,364.5m) in 1986.
- Chiefly responsible for this advance were:
  - a 4.2% increase in collectively negotiated salaries as from March 1 and a similar rise in all individually agreed salaries as from July 1, 1986;
  - 6.7% growth in the average number of staff over the year;
  - a unique payment in respect of the excellent business year 1985 to employees receiving collectively negotiated salaries, and higher bonuses for personnel on individually agreed salaries.
- Personnel expenditure was made up of the following items:
  - wages and salaries, which advanced 11.9 (9.6)% to DM1,190.8m (DM1,064.5m);
  - social insurance contributions, 11.2 (10.5)% higher at DM178.2m (DM160.3m);
  - pensions, pension fund contributions, benefits, which climbed 12.6 (6)% to DM157.3m (DM139.7m).
- Employer's contributions to the Beamtenversicherungsverein (BVV), a supplementary pension fund of the private-sector banks, came to DM41.8m (DM37.2m).
- DM81m (DM66m) was spent on basic and advanced training, the former accounting for DM48m (DM40m).
- Special payments to individual employees for long and faithful service totalled DM6.9m (DM6.6m).
- DM1.9m (DM2.5m) was used to allow us to make available to our staff Commerzbank shares at a preferential price; 36% of our employees responded to the offer in 1986.

Focal points of forward-looking personnel planning

The prime goal of our personnel planning is to ensure that the Bank has an adequate supply of professionally qualified, motivated employees at its disposal, while holding the ever-rising expenditure on staff within reasonable limits.

By working out our personnel needs, we try to secure the appropriate relationship between the cost and the benefit sides of staff outlays. When taking on new employees, we are at great pains to select those who, in addition to being qualified for the post in question, are wherever possible also capable of taking over more demanding, higher-level tasks. Above all, we look for both the ability to win new customers and managerial qualities.

Hand in hand with these efforts go the measures relating to personal career planning. The latter helps us to develop the potential inherent in our staff, the aim being to achieve near-harmony between company demands and the wishes of the employees, thereby attaining the highest degree of motivation and involvement.

Advanced training: priority for customer counselling

At all times, an essential component in our personnel policy is to maintain the professional know-how of our staff at its high level.

In 1986, we further improved the quality of our advanced training system, in particular through offering new courses of study. At the same time, the growth in the Bank's workforce persuaded us to run more seminars. Advanced training measures geared to securing efficient customer counselling continue to have priority.

Apprenticeships up again

Given the steady increase in the need for bank clerks, we stepped up our basic training programme once again. Last year, 952 apprentices were taken on, 67% of whom held either a full university or a limited college entrance qualification. Although their share in the overall total is expanding, less and less of those qualified to do so leave the Bank to study after completing their apprenticeships. This is, for one thing, undoubtedly due to the fact that an academic degree today no longer guarantees that its holder will find a job on a par with his or her qualification. For another, though, the attractive career prospects which our Bank extends to ambitious young people have played their part in reversing the tendency to switch to university. By means of a specially organized group, we keep up contact with students who have successfully completed an apprenticeship at our Bank.

Workplaces at Commerzbank, too, are subject to the process of technological innovation. We take account of the necessity to adapt constantly to new information and communication techniques at the basic training stage itself, so as to prepare our younger staff to meet the demands of the future.

Constant cooperation with employee representatives

After lengthy negotiations with the central staff council, an internal agreement was signed in May 1986 relating to the use of a DP-based staff information system. The latter helps facilitate decisions and provides other useful analyses for personnel work.

In addition, the Bank's board and the employee representatives' committee discussed a variety of topics in a spirit of constructive cooperation.

The economic committee held regular meetings, each attended by individual members of the Board of Managing Directors.

The Bank's management and the senior staff spokesmen's committee dealt with issues of mutual interest in an objective and open-minded manner.

Notes on the Parent Bank's annual accounts

During 1986, the Bank's total assets increased by DM8,200.1m, or 9.9%, to DM90,807.0m. The relevant changes in the financial position are set out below:

Assets in DM m		Liabilities in DM m	
Cash reserves, cheques, and collection items	+ 836.9	Liabilities to banks	+3,968.6
Bills of exchange	+ 206.2	a) demand	(+ 758.7)
Claims on banks	+1,984.8	b) time	(+3,209.9)
Treasury bills	− 254.2	Customers' deposits	+3,265.5
Bonds and notes	+ 29.8	a) demand	(+ 393.8)
Other securities	− 222.2	b) time	(+1,066.5)
Loans and advances to customers	+5,157.0	c) savings deposits	(+1,805.2)
Investments	+ 628.0	Bonds outstanding	− 470.0
Land and buildings, office furniture and equipment	+ 182.8	Acceptances outstanding	+ 134.5
Sundries (including loans on a trust basis)	− 349.0	Provisions	+ 255.7
		Share capital	+ 150.1
		Disclosed reserves	+ 810.3
		Distributable profit	+ 66.5
		Sundries (including loans on a trust basis)	+ 18.9
	+8,200.1		+8,200.1

Assets

Liquidity

At year-end the cash reserves, consisting of cash on hand and balances with the Deutsche Bundesbank and on postal giro accounts, stood at DM3,825.2m, representing 4.5% of our total liabilities to banks and other creditors–including indebtedness from bonds and acceptances outstanding–of DM84,102.4m. The Bank's liquid assets–cash reserves, cheques, matured bonds, interest and dividend coupons, collection items, bills rediscountable at the Deutsche Bundesbank, claims on banks with periods of less than three months, Treasury bills and discountable Treasury notes as well as fixed-interest securities eligible as collateral for Deutsche Bundesbank advances–totalled DM20,592.6m and covered 24.5% of the deposits, borrowings, and other indebtedness specified above.

Claims on banks

Claims on banks were up by DM1,984.8m to DM24,794.6m; they comprise credit balances on current accounts, money-market investments, and loans to domestic and foreign banks. Also included here is a US$60m 3-year subordinated loan by us to Commerzbank International S.A., our Luxembourg subsidiary.

The item breaks down as follows (see overleaf):

Claims on banks		
in DM m	1986	1985
Interbank and clearing balances	20,520.5	17,837.1
of which: demand	(4,027.4)	(3,616.5)
time	(16,493.1)	(14,220.6)
Loans	4,274.1	4,972.7
including: long-term	(2,369.8)	(2,926.5)
Total	24,794.6	22,809.8

Securities portfolio

The Bank increased its portfolio of bonds and notes by DM29.8m to DM7,016.6m, 46.6% of this total being securities eligible as collateral for advances from the Deutsche Bundesbank.

The item "securities not to be shown elsewhere" comprises the Bank's holdings of marketable equities, investment fund shares, and certain other securities.

Following a verdict by the German Supreme Court (Bundesgerichtshof) of February 9, 1987 we have revised the opinion held so far that Section 152 (2) of the German Stock Corporation Act (AktG) in its former version valid up to December 31, 1986–suggesting that holdings of 25% or more of a company's share capital be considered as permanent investments–was not applicable to such of our holdings as were in the past shown as part of our securities portfolio in the balance sheet. We have, therefore, transferred the book values of such holdings to the item "investments".

All securities holdings are, as hitherto, shown at the lower of cost or market.

Lending

Total lending to banks and non-banks (excluding loans on a trust basis and guarantees) increased by DM4,875.4m, or 9.7%, in the year under review. The loan portfolio breaks down as follows:

Lending	1986		1985	
Loans to customers				
a) short and medium-term	DM24,592.6m =	44.6%	DM23,909.4m =	47.6%
b) long-term	DM21,605.7m =	39.2%	DM17,131.9m =	34.1%
Sub-total	DM46,198.3m =	83.8%	DM41,041.3m =	81.7%
Loans to banks				
a) short and medium-term	DM 1,904.3m =	3.5%	DM 2,046.2m =	4.1%
b) long-term	DM 2,369.8m =	4.3%	DM 2,926.5m =	5.8%
Sub-total	DM 4,274.1m =	7.8%	DM 4,972.7m =	9.9%
Book and acceptance credits	DM50,472.4m =	91.6%	DM46,014.0m =	91.6%
Bills discounted	DM 4,654.8m =	8.4%	DM 4,237.8m =	8.4%
Total lending	DM55,127.2m =	100.0%	DM50,251.8m =	100.0%

In the year under review, the Bank markedly raised the share of long-term loans in its total lending to 43.5%, up from 39.9% at end-1985. Funds extended at long term were, inter alia, financed by bonds issued by the Parent Bank with maturities of more than four years amounting to DM4,215.6m and by DM10,597.6m longer-term borrowings, mainly from banks–among them Kreditanstalt für Wiederaufbau (Reconstruction Loan Corporation)–and from public authorities, but also including the D-mark equivalent of the cash proceeds of foreign currency bonds issued by other members of the Commerzbank Group. Where so provided for in the agreements with the respective lenders, funds were passed on to the final borrowers on the terms set by the former.

Book and acceptance credits showed a rise of DM5,157.0m, or 12.6%, in loans to customers, while advances to banks declined by DM698.6m, or 14.1%.

Bill discounts were up by DM417.0m, or 9.8%, to DM4,654.8m. This includes rediscounted bills of DM2,378.3m, representing 51.1% of our total bill portfolio at year-end.

Book and acceptance credits extended by our foreign branches plus bills discounted by them reached DM13,330.7m, or 24.2% of aggregate lending of this kind by the Bank, compared with DM12,004.6m, or 23.9%, at end-1985.

Commerzbank's loans and advances to some 540,000 borrowers break down as follows:

Size of loans	1986	1985
354,386 loans of up to DM20,000	65.6%	67.8%
123,977 loans of more than DM20,000, up to DM100,000	22.9%	21.5%
	88.5%	89.3%
55,630 loans of more than DM100,000, up to DM1,000,000	10.3%	9.6%
6,440 loans of more than DM1,000,000	1.2%	1.1%
	100.0%	100.0%

Not least owing to the continued wave of domestic insolvencies, we again had to provide for loan risks in the year under review. On the international scene, the situation of those countries we consider to represent heightened lending risks has in our opinion not improved on the whole, although there was a renewed reduction in the DM equivalents of these credits thanks to exchange rate shifts. Overall, we have further augmented our loan loss provisions in the 1986 accounts. The customary caution was applied in assessing specific loan loss provisions, and increased country risks have been provided for to an extent we consider adequate. Moreover, the allocation to the global loan loss reserve was made for the entire Bank as required under banking supervisory rules.

Investments as shown in the balance sheet

Of the investments as shown in the balance sheet, DM1,175.4m represent holdings in credit institutions and DM1,322.8m in non-banks. In respect of its above holdings in credit institutions, Commerzbank, in proportion to its equity share, ensures that those in which it owns a majority are able to meet their liabilities.

The more important of the companies in which the Bank has a stake are set out on pages 86 to 87, with mention being made of Commerzbank's share in the capital of each of them.

The Bank raised these holdings in subsidiaries and associated companies and its trade investments by DM628.0m in 1986. The change is the result of reclassifications of DM491.0m, of additions of DM161.3m (DM116.5m of which related to credit institutions), disposals of DM2.2m (relating only to credit institutions), and write-downs of DM22.1m (DM21.6m of which related to credit institutions).

The reclassifications regard the book values of such of our holdings of 25% or more of the share capital of companies that were hitherto shown under "securities"; they involve our interests in Commerzbank Aktiengesellschaft von 1870, Hamburg, in Karstadt Aktiengesellschaft, Essen, and in Sachs Aktiengesellschaft, Munich. The additions reflect new purchases, increases in share capital, the build-up of existing holdings and, to a small degree, also obligatory payments on account of subscriptions. Noteworthy among the additions are the 50% stake we have acquired as a founder member of Hong Kong-based Commerz Securities (Japan) Company Ltd.–which, through its branch in Tokyo, is engaged in investment banking in Japan–and the wholly-owned subsidiary we set up in Frankfurt to handle international asset management, Commerz International Capital Management Gesellschaft mbH. We also–either directly or indirectly–hold 100% in Commerz-Beteiligungsgesellschaft mbH, Frankfurt, which we established for the purpose of taking up shareholdings in smaller and medium-sized companies unable to tap the capital market through issues of their own.

Besides, we have participated–in some cases by extending partnership loans–in several capital increases; the more important of these measures involving the following companies: RHEINHYP Rheinische Hypothekenbank AG, Frankfurt; Commerzbank (South East Asia) Ltd., Singapore; Commerz- und Industrie-Leasing GmbH, Frankfurt; Banco Hispano Americano S.A., Madrid; Stella Automobil-Beteiligungsgesellschaft mbH, Munich; Hostra Beteiligungsgesellschaft mbH, Düsseldorf; and WFG Deutsche Gesellschaft für Wagniskapital mbH & Co. KG von 1984, Frankfurt.

The disposals related to the sale of our interest in Teollistamisrahasto Oy–Industrialization Fund of Finland Ltd., Helsinki; and in two companies in which we had owned minor stakes, as also to the exchange-rate-induced decrease in the book values of two holdings kept on our books in foreign currency.

The write-downs were made up almost totally by the reduction to pro-memoria items of our interests in two ship mortgage banks, in Bremen and Hamburg.

Apart from the two last-mentioned specialized banking institutions, our subsidiaries and affiliates on the whole did well in 1986. Including income transferred under profit-transfer agreements, total income from these investments came to DM173.7m, after DM106.9m in the previous year. Part of these earnings are the dividend payments by those companies in which we reclassified our holdings as "investments".

For details on the Bank's relations with these companies, see pages 57 to 87 of this Report (Consolidated Annual Report).

Land and buildings

Land and buildings are shown at DM587.7m, or DM38.1m higher than a year earlier. The difference represents the balance of additions of DM57.3m, disposals of DM4.4m, and depreciation as permissible under tax regulations of DM14.8m. The additions consist of modernizations of buildings in Düsseldorf, Essen, Karlsruhe, and Mannheim and of new acquisitions effected to round off premises already owned.

Commerzbank has continued in the year under review to use eight leased premises for its banking business. The leasing rentals involved totalled DM79.0m, as against DM79.5m in 1985.

Office furniture and equipment

The net book value of office furniture and equipment rose to DM469.6m, following additions of DM263.2m, disposals of DM7.8m, and normal depreciation of DM110.7m. The cost of minor-value items bought in 1986 at DM13.3m was written off in full and is thus included in both the additions and the depreciation.

Other assets

Other assets as shown in the balance sheet consist of such claims and assets as are not suitable to be shown under other headings.

Deferred items

The deferred asset items not only represent prepaid expenses, interest, and commissions, but also debt discounts of DM145.7m. This amount includes DM78.6m of unamortized discounts on savings certificates, DM37.4m on long-term liabilities, DM27.5m on bonds issued by the Bank, and DM2.2m on repurchase agreements with the Deutsche Bundesbank.

Liabilities and shareholders' equity

Liabilities

During the year under review, liabilities to banks and to other creditors increased by DM7,234.1m, or 10.3%, to DM77,559.2m, with liabilities to banks up DM3,968.6m, and customers' deposits up DM3,265.5m.

A breakdown of our total liabilities is given on the opposite page.

Bonds

The volume of the Bank's own bonds outstanding (including accrued interest liabilities on such paper) declined by DM470.0m to DM4,982.9m, DM73.8m nominal of which–with a market value at the balance sheet date of DM77.9m–was temporarily held by the Bank itself.

The volume of bearer bonds with an original life of up to four years included in this item fell by DM674.2m to DM767.3m. Also included here are paper with an original maturity of more than four years; they break down as follows:

DM3,001.5m was accounted for by bearer bonds issued to fund our longer-term lending to customers,

Deposits	1986		1985	
Liabilities to banks				
a) demand	DM 6,164.4m =	8.0%	DM 5,405.7m =	7.7%
b) time	DM17,469.5m =	22.5%	DM14,245.5m =	20.3%
c) for customers' drawings on other banks	DM 13.0m =	.	DM 27.1m =	.
Sub-total	DM23,646.9m =	30.5%	DM19,678.3m =	28.0%
Customers' deposits				
a) demand	DM12,988.8m =	16.7%	DM12,595.0m =	17.9%
b) time	DM27,892.5m =	36.0%	DM26,826.0m =	38.1%
c) savings deposits	DM13,031.0m =	16.8%	DM11,225.8m =	16.0%
Sub-total	DM53,912.3m =	69.5%	DM50,646.8m =	72.0%
Total deposits	DM77,559.2m =	100.0%	DM70,325.1m =	100.0%

DM900.8m by savings certificates with an annually rising coupon,

and DM313.3m by 8% bonds with warrants, issued for a nominal DM300m in June 1984.

Provisions

Actuarially computed by using the "normal entry age method" and by applying a calculatory interest rate of 6%, liabilities for pensions went up by DM67.9m, from DM825.4m at end-1985. They thus reached DM893.3m at end-1986, the latter amount taking into account our aggregate liabilities of this kind.

Provisions for other purposes, which are shown at DM801.3m, relate to loan risks, taxes, year-end bonuses only to be paid in 1987, anticipated losses under executory contracts, and other liabilities of uncertain amount (the latter including such pension payment liabilities as we expect, also on the basis of the normal entry age method, to result from a certain number of our employees opting for early retirement under a scheme collectively agreed in 1984), and to that portion of the global loan loss reserve that could not be set off against any of the asset items.

Deferred items

The deferred liability items of DM324.6m mainly reflect unearned interest and service charges on credits which were granted under personal loan schemes and relate to future years.

Capital and reserves

At end-1985, the Bank's share capital had amounted to DM887.6m. The following changes occurred over the year under review:

In January, the Bank made full use of the authorization by the Annual General Meeting of May 10, 1983 to increase, with the agreement of the Supervisory Board, its share capital by an overall DM150m through the flotation, in one or several tranches, of new shares against cash by issuing such shares at a price of DM300 per DM50 nominal share. Also entitled to subscribe to them were, apart from our shareholders, the holders of the warrants that had been attached to our 8% DM bonds of 1984 as also to the 3½% DM bonds and the 7% US$ bonds issued in 1978 and 1983, respectively, by Commerzbank International S.A., our Luxembourg subsidiary. A fractional nominal amount of DM4,333,300 of new shares, which could be used at the discretion of the Board of Managing Directors, was placed at the issuing price of DM300 per DM50 nominal share. The total premium of DM750m realized on this capital increase was allocated to the legal reserve.

The same applies to the DM235,719 total premium realized on the issue of 87 DM50 nominal shares at a price of DM167 each against warrants from the 1983 issue of 7% US$ bonds by Commerzbank International S.A., and of 2,506 DM50 nominal shares at a price of DM140 each against warrants from our 1984 issue of 8% DM bonds. At the balance sheet date, there was an unissued authorized capital of DM12.9m earmarked for the issue of shares to employees. Of the DM282.8m further conditionally authorized capital increases as shown in the balance sheet, DM204.8m is to be used for the issue of shares to the holders of warrants attached to bonds launched by the Luxembourg subsidiary, Commerzbank International S.A., in 1978 and 1983, and by the Parent Bank, Commerzbank Aktiengesellschaft, in 1984.

Other, voluntary reserves were augmented by DM60m from the 1986 net income.

Following this, the Bank's liable funds at end-1986 were made up as follows:

Capital and reserves		
in DM m	1986	1985
Profit-sharing certificates outstanding	425.000	425.000
Share capital	1,037.704	887.574
Disclosed reserves		
a) legal reserve	1,944.890	1,194.655
b) other reserves, voluntary	889.000	829.000
Total liable capital	4,296.594	3,336.229

Footnotes to the balance sheet and other information

Endorsement liabilities on rediscounted bills of exchange amounted to DM2,378.3m, against DM2,167.5m as at December 31, 1985.

At DM9,176.7m, contingent liabilities from guarantees, including those for bills and cheques, and from indemnity agreements were 4.9% lower than at the end of the preceding year.

Commitments for uncalled payments on shares in stock corporations (AG) and in private limited liability companies (GmbH) issued but not fully paid amounted to DM26.0m, while similar liabilities for shares in cooperatives were DM0.5m. In addition the Bank may, under Section 24 of the German Private Limited Liability Companies Act (GmbHG), be held responsible for possible defaults on such calls by other shareholders.

In respect of its holding in Liquiditäts-Konsortialbank GmbH, the "lifeboat" institution of the German banking industry, the Bank is responsible for the payment of assessments of up to DM33.9m. Moreover, the Bank is jointly and severally liable under guarantee for any assessments payable by the member banks of Bundesverband deutscher Banken e.V. (Federation of German Banks) up to a total of DM245.1m.

Under Section 5 (10) of the statutes of the German banks' Deposit Insurance Fund, the Bank undertook to relieve the Federation of German Banks of any losses incurred in respect of actions taken for the benefit of domestic banks in which Commerzbank holds a majority interest.

On the balance sheet date, DM1,641.1m of our securities holdings were pledged as collateral in short-term fund-raising operations, especially under repurchase agreements with the Deutsche Bundesbank.

The Bank's foreign operations make it necessary under the laws of certain countries to furnish government bodies with security; this meant that a further DM1,280.8m of the Bank's assets were tied by liens held.

Profit and loss account

Interest and similar income from lending and money market transactions was DM4,917.9m, as against DM5,068.7m in 1985. The decrease amounted to DM150.8m, or 3.0%.

Current income from fixed-interest securities, Government-inscribed debt, other securities, and investments as shown in the balance sheet rose by DM118.1m, or 20.8%, to DM684.8m on the corresponding figure for 1985.

Income received under profit-pooling and partial or full profit-transfer agreements amounted to DM13.7m, as against DM9.3m in the previous year.

The net balance obtained by the deduction of DM3,452.0m *interest and similar expenses* from the DM5,616.4m of total interest and dividends earned is DM2,164.4m. This climb of DM178.2m, or 9.0%, went hand in hand with an 11.1% expansion of the average business volume.

Commissions and other service charges received were up by 11.9%, from DM844.5m to DM944.9m. With *commissions and similar service charges paid* amounting to DM49.7m, net income from commissions was DM895.2m, against DM802.1m in the preceding year; this was an advance of DM93.1m or 11.6%.

Other income, including that from the writing back of provisions for possible loan losses, is shown at DM115.7m. This reflects profits achieved on own-account foreign exchange transactions, rentals from real estate, and other ordinary and extraordinary income.

Write-downs of and adjustments to claims and securities, as well as additions to provisions for possible loan losses, are shown at an amount of DM232.2m, gains and income having been offset against them to the maximum extent permitted under statutory accounting principles.

The Bank's total personnel expenses–*salaries and wages, compulsory social security contributions, and expenses for pensions and other employee benefits*–were DM1,526.3m, compared with DM1,364.5m in 1985. The items salaries and wages and compulsory social security contributions also include current payments under the early-retirement scheme collectively agreed in 1984.

Altogether, our personnel expenditure grew by DM161.8m, or 11.9%–the result both of higher wages and salaries and another strong expansion of our staff.

Other operating expenses went up DM57.7m, or 9.6%, to DM656.1m from DM598.4m. Much of this increase relates to the mounting use of EDP facilities and the cost of maintaining them, as also to higher rentals and repairs.

Depreciation on and adjustments to land and buildings, office furniture and equipment were charged to the extent permitted under tax regulations at DM125.4m.

Taxes were DM233.2m higher than in 1985 at DM243.8m. Of this total, DM11.3m was made up by taxes other than those on income and assets, including DM9.1m of equity issuing tax.

Other expenses rose by DM40.5m to DM83.6m; of this amount, DM12.7m (DM12.2m in 1985) is accounted for by Commerzbank's contribution to the German banks' Deposit Insurance Fund. Also grouped under this item are such expenses as cannot be shown elsewhere.

The remuneration paid in and still to be paid for 1986 to the Bank's Managing Directors amounted to DM10,231,645.64. Retired Managing Directors or their surviving dependents received DM5,605,643.04. Payments to members of the Supervisory Board totalled DM1,411,808.00, and those to members of the Central Advisory Board DM497,268.00. Members of the Regional Advisory Councils were paid DM1,272,160.00.

Purchases and sales of the Bank's own shares

In the year under review, we purchased 21,460 of our own shares at an average price of DM316.21 per DM50 nominal share and resold them to employees of the Bank, of its subsidiaries, and of associated companies at a preferential price of DM217 per DM50 nominal share.

Securities transactions that fall under Section 71 (1) 1 of the German Stock Corporation Act (AktG), and which are subject to disclosure in this Report, consist of purchases at market price, effected at various times during the year to ensure orderly market conditions for trading in our own shares,

by us of 2,865,488 Commerzbank shares (bearer shares at a face value of DM50) to a total nominal value of DM143,274,400,

and by companies controlled or majority-owned by the Bank of 8,440 Commerzbank shares to a total nominal value of DM422,000.

The weighted average buying price of these shares was DM317.23; they were sold at an average resale price of DM318.73, computed in the same way.

The proceeds from these transactions were reallocated to working funds. The highest number of Commerzbank shares in our possession on one specific day in 1986 was 169,352–of a total nominal value of DM8,467,600–representing 0.8% of our share capital at that date. Neither the Bank itself nor any companies controlled or majority-owned by it held Commerzbank shares at the balance sheet date.

Collateral furnished by borrowing customers as security included:

229,489 Commerzbank shares of a total face value of DM11,474,450, pledged to us, and

22,808 Commerzbank shares of a total face value of DM1,140,400, pledged to companies controlled or majority-owned by the Bank.

After allocating DM60,000,000 to reserves, the remaining, distributable profit is

DM228,224,202.

Commerzbank herewith proposes to its shareholders that DM186,786,702 of this amount be used for the distribution of a dividend of DM9 per DM50 nominal share.

Adding to this the DM5.06 tax credit for shareholders with unlimited tax liability in West Germany, the gross amount to be received by them per DM50 share rises to DM14.06.

Provided that the AGM decides to support our proposal regarding the appropriation of this part of the distributable profit, a further

DM41,437,500

will remain for distribution to the holders of the profit-sharing certificates we issued in 1985. Pursuant to section 23 (2) of the Bank's statutes and to the conditions of the June 1985 subscription offer for profit-sharing certificates, the holders of the latter will receive a payment of 8.25% of the certificates' face value plus an additional amount, for 1986, of 1.5% of the certificates' face value.

THE BOARD OF MANAGING DIRECTORS

Düsseldorf, March 10, 1987

Report of the Supervisory Board

Throughout the year under review, the Supervisory Board carried out its duties under the law and the Bank's statutes and continuously supervised the conduct of the Bank's affairs. The Chairman and other members of the Supervisory Board assisted the Board of Managing Directors in an advisory capacity.

Treated by the Supervisory Board in full session were above all matters with a fundamental bearing on the Bank's business policy and those relating both to the development of its balance sheet and to its earnings performance. Reports on the progress of the Bank's business were regularly submitted to the Presiding Committee of the Supervisory Board, which took up items of significance with the Board of Managing Directors. The Loans Committee met to review lending commitments for which their approval is required either by law or by the Bank's statutes, and also those involving an enhanced degree of risk. The Social Welfare Committee considered basic matters concerning the staff.

As of November 1, 1986, the Supervisory Board appointed Mr. Klaus Müller-Gebel a Full Member of the Board of Managing Directors, from which Dr. Friedrich Grundmann retired as of December 31, 1986.

The Parent Bank's Annual Report and Accounts, together with the books of account for the period from January 1 to December 31, 1986, have been examined by the auditors, Treuarbeit Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Berlin/ Frankfurt, and certified without qualification. The Supervisory Board has signified its agreement with the results of the audit. It has examined the Bank's Annual Accounts and Report, and the proposal of the Board of Managing Directors as to the appropriation of the distributable profit, and has found no cause for objection.

The Supervisory Board has approved the Annual Accounts, which accordingly may be regarded as adopted, and concurs with the proposal of the Board of Managing Directors as to the profit appropriation.

It has also reviewed the Consolidated Accounts and Report, and the report of the Group's auditors which carries their unqualified certification.

Replacement elections to the Supervisory Board took place at the Bank's 1986 Annual General Meeting on May 23: Mr. Heinrich Weiss, already serving on the Board on an interim basis following his registration court nomination, was elected a regular member. So was Mr. Wolfgang Ziemanns, replacing Mr. Werner Rinke who terminated his membership with the close of the Annual General Meeting. We take this opportunity to thank Mr. Rinke once again for the many years of service on our Supervisory Board.

Düsseldorf, March 31, 1987

The Supervisory Board

Chairman

Business Progress of Parent Bank, 1952-1986

	Total assets DM bn	Total lending DM bn	Capital and reserves DM m	Savings deposits and savings bonds DM m	Annual dividend % or DM per share[1]	Total amount of dividends paid DM m	Allo-cation to reserves from profit DM m	Taxes paid DM m	Staff[2]	Branches
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[3]	55.3	12,760	550
31-12-1968	15.4	9.7	660	3,565	8.50	46.8	30.0[4]	59.8	13,409	636
31-12-1969	17.4	12.6	840	3,949	8.50+1.50	62.5	30.0	77.5	14,350	688
31-12-1970	19.7	13.8	850	4,182	8.50	59.5	10.0	47.1	15,441	719
31-12-1971	22.1	15.6	990	4,840	8.50	61.6	15.0	57.1	15,952	731
31-12-1972	25.6	17.4	1,115	5,444	8.50	68.0	15.0	58.9	16,161	737
31-12-1973	28.4	18.1	1,213	5,651	8.50	79.6	–	45.2	16,622	755
31-12-1974	31.4	20.1	1,364	6,487	8.50	79.6	30.0	71.9	16,585	765
31-12-1975	38.5	22.3	1,548	8,005	9.00	95.5	50.0	129.6	17,328	782
31-12-1976	**42.1**	**25.6**	**1,781**	**8,964**	**9.00**	**109.3**	**50.0**	**95.8**	**17,729**	**790**
31-12-1977	50.9	29.0	2,078	10,137	8.50	109.4	50.0	163.8	17,872	794
31-12-1978	60.6	37.5	2,129	11,097	8.50	123.4	50.0	164.0	18,404	795
31-12-1979	67.1	44.7	2,478	11,670	8.50	126.3	–	126.9	19,040	802
31-12-1980	64.7	45.5	2,478	11,793	–	–	–	38.3	19,023	805
31-12-1981	64.3	46.1	2,478	11,638	–	–	–	40.6	18,895	802
31-12-1982	66.2	47.1	2,528[5]	12,400	–	–	50.0[5]	109.3[5]	18,988	798
31-12-1983	66.9	46.1	2,578	12,984	6.00	101.2	50.0	178.4	19,368	796
31-12-1984	72.8	48.8	2,711	13,139	6.00	101.2	60.0	207.1	20,016	794
31-12-1985	82.6	50.3	3,336[6]	13,872	8.00	142.0	60.0	233.2	21,204	793
31-12-1986	**90.8**	**55.1**	**4,297[6]**	**15,885**	**9.00**	**186.8**	**60.0**	**243.8**	**22,539**	**792**

[1]) in % up to and including 1967; in DM per share as from 1968, when standard equity denomination was fixed at DM50 per share; not including income tax credit of 9/16 of dividend for shareholders with unlimited tax liability in West Germany to which the latter have been entitled since 1977;

[2]) calculated as full-time staff (from 1981 onwards calculated on the basis of hours actually worked per week);

[3]) including DM20.0m resulting from retransfer to assets side of furniture and equipment;

[4]) including DM 5.0m resulting from retransfer to assets side of furniture and equipment;

[5]) following AGM approval;

[6]) including DM425m profit-sharing certificates outstanding.

Parent Bank's Annual Accounts as at December 31, 1986

Balance Sheet pages 52 and 53

Profit and Loss Account pages 54 and 55

Balance Sheet as at December 31, 1986

Assets	DM	DM	DM	Dec 31, 1985 DM1,000
Cash on hand			341,294,940.86	303,345
Balance with Deutsche Bundesbank			3,459,787,940.34	2,539,652
Balances on postal giro accounts			24,120,741.82	19,076
Cheques, matured bonds, interest and dividend coupons, items received for collection			390,540,526.90	516,684
Bills of exchange			2,276,503,530.46	2,070,309
including: a) rediscountable at Deutsche Bundesbank	536,642,526.65			
b) own drawings	77,664,205.47			
Claims on banks				
a) payable on demand		4,193,667,691.85		3,791,102
b) with original periods or periods of notice of				
ba) less than three months		6,915,096,277.03		5,860,228
bb) at least three months, but less than four years		11,067,836,009.76		9,963,224
bc) four years or more		2,618,019,243.58		3,195,290
			24,794,619,222.22	22,809,844
Treasury bills and discountable Treasury notes, issued by				
a) the Federal and Länder Governments		1,138,476,648.98		1,365,554
b) others		321,111,615.32		348,231
			1,459,588,264.30	1,713,785
Bonds and notes				
a) with a life of up to four years, issued by				
aa) the Federal and Länder Governments	28,305,472.44			
ab) banks	151,339,057.34			
ac) others	388,933,157.19	568,577,686.97		1,295,642
including: eligible as collateral for Deutsche Bundesbank advances DM 148,424,626.74				
b) with a life of more than four years, issued by				
ba) the Federal and Länder Governments	2,147,924,489.60			
bb) banks	2,681,276,069.10			
bc) others	1,618,867,351.61	6,448,067,910.31		5,691,170
			7,016,645,597.28	6,986,812
including: eligible as collateral for Deutsche Bundesbank advances DM 3,123,519,187.60				
Securities not to be shown elsewhere				
a) shares marketable on a stock exchange and investment fund certificates		516,207,851.51		718,149
b) other		250,665,510.66		270,981
			766,873,362.17	989,130
including: holdings of more than one-tenth of the shares of a joint stock or mining company, unless shown as investments	356,520,619.10			
Claims on customers, with original periods or periods of notice of				
a) less than four years		24,592,573,915.55		23,909,384
b) four years or more		21,605,710,387.20		17,131,932
			46,198,284,302.75	41,041,316
including: ba) secured by mortgages on real estate	5,277,090,631.41			
bb) communal loans	4,572,524,337.32			
Recovery claims on Federal and Länder authorities under post-war currency reform acts			38,399,776.36	43,426
Loans on a trust basis at third party risk			39,753,044.16	45,738
Subsidiaries, associated companies, and trade investments (investments)			2,498,223,000.00	1,870,153
including: investments in banks	1,175,399,000.00			
Land and buildings			587,677,000.00	549,547
Office furniture and equipment			469,625,000.00	324,944
Bonds and notes issued by Commerzbank			77,901,714.07	90,127
nominal amount	73,846,000.00			
Other assets			146,252,994.72	484,154
Deferred items				
a) unamortized debt discount (difference according to Section 156 (3) of the German Stock Corporation Act–AktG*)		145,707,926.69		154,973
b) other		75,160,187.07		53,857
			220,868,113.76	208,830
		Total Assets	90,806,959,072.17	82,606,872
Total Assets and the rights of recourse accruing to the Bank in respect of the contingent liabilities shown below the line on the liabilities side include				
a) claims on related companies			3,077,841,966.68	1,840,825
b) claims arising from loans falling under Section 15 (1) 1-6 and (2) of the German Banking Act, unless included under a)			195,791,886.21	178,260

*former version, valid up to Dec 31, 1986

Liabilities and Shareholders' Equity		DM	DM	DM	Dec 31, 1985 DM1,000
Liabilities to banks					
a) payable on demand			6,164,418,118.36		5,405,652
b) with original periods or periods of notice of					
ba) less than three months		6,281,129,986.69			
bb) at least three months, but less than four years		6,807,932,415.65			
bc) four years or more		4,380,382,650.70	17,469,445,053.04		14,245,549
including: due in less than four years	DM2,924,845,228.41				
c) customers' drawings on other banks			12,996,062.87		27,128
				23,646,859,234.27	19,678,329
Liabilities to customers (customers' deposits)					
a) payable on demand			12,988,772,502.84		12,594,958
b) with original periods or periods of notice of					
ba) less than three months		16,235,333,242.10			
bb) at least three months, but less than four years		5,439,975,160.44			
bc) four years or more		6,217,221,773.52	27,892,530,176.06		26,825,972
including: due in less than four years	DM3,003,415,391.98				
c) savings deposits					
ca) subject to legal period of notice		9,870,781,908.10			
cb) other		3,160,226,723.23	13,031,008,631.33		11,225,828
				53,912,311,310.23	50,646,758
Bonds and notes with a life of					
a) up to four years			767,329,647.55		1,441,526
b) more than four years			4,215,604,554.79		4,011,371
				4,982,934,202.34	5,452,897
including: maturing in less than four years	DM3,965,576,554.79				
Acceptances and promissory notes outstanding				1,560,284,621.71	1,425,830
Loans on a trust basis at third party risk				39,753,044.16	45,738
Provisions					
a) for pensions			893,335,000.00		825,220
b) other			801,300,000.00		613,644
				1,694,635,000.00	1,438,864
Other liabilities				115,409,392.05	89,849
Deferred items				324,557,498.71	325,366
Profit-sharing certificates outstanding				425,000,000.00	425,000
Share capital (unissued conditional capital, additionally authorized for conversion rights:	DM282,796,100.00)			1,037,703,900.00	887,574
Disclosed reserves					
a) legal reserve			1,944,890,309.00		1,194,655
(allocation of premia	DM750,235,719.00)				
b) other reserves, voluntary			889,000,000.00		829,000
				2,833,890,309.00	2,023,655
(allocation from net income for 1986	DM 60,000,000.00)				
Commerzbank Foundation				5,396,357.70	5,344
Distributable profit				228,224,202.00	161,668
Total Liabilities and Shareholders' Equity				90,806,959,072.17	82,606,872
Endorsement liabilities on rediscounted bills of exchange				2,378,284,660.42	2,167,550
Contingent liabilities from guarantees, including guarantees for bills and cheques, and from indemnity agreements (see also page 43 of this report)				9,176,651,686.73	9,650,454
Savings premiums under the Savings Premium Act				12,801,014.13	26,818
Total Liabilities, together with contingent liabilities and other commitments shown below the line, include liabilities to related companies in the amount of				5,242,844,727.04	3,809,503

Profit and Loss Account for the Year ended December 31, 1986

Expenses	DM	DM	1985 DM1,000
Interest and similar expenses		3,451,970,884.33	3,658,535
Commissions and similar service charges paid		49,675,173.42	42,431
Write-downs of and adjustments to claims and securities, and additions to provisions for possible loan losses		232,151,212.92	393,374
Salaries and wages		1,190,829,567.18	1,064,472
Compulsory social security contributions		178,218,919.94	160,339
Expenses for pensions and other employee benefits		157,270,369.97	139,676
Other operating expenses		656,115,599.89	598,430
Depreciation on and adjustments to land and buildings, office furniture and equipment		125,427,435.05	96,677
Write-downs of and adjustments to investments (subsidiaries, associated companies, and trade investments)		22,132,461.21	62,751
Taxes			
a) on income and assets	232,489,416.55		225,086
b) other	11,344,727.70		8,103
		243,834,144.25	233,189
Other expenses		83,640,744.96	43,130
Net income for the year		288,224,202.00	221,668
	Total Expenses	6,679,490,715.12	6,714,672

	DM	DM	1985 DM1,000
Net income for the year		288,224,202.00	221,668
Allocation to disclosed reserves from net income for the year			
a) legal reserve	—		—
b) other reserves, voluntary	60,000,000.00		60,000
		60,000,000.00	60,000
Distributable profit		228,224,202.00	161,668

Income	DM	DM	1985 DM1,000
Interest and similar income from lending and money market transactions		4,917,894,715.19	5,068,695
Current income from			
a) fixed-interest securities and Government-inscribed debt	497,768,868.32		415,942
b) other securities	27,073,044.99		53,199
c) investments (subsidiaries, associated companies, and trade investments)	159,935,624.08		97,626
		684,777,537.39	566,767
Commissions and other service charges received		944,919,953.92	844,571
Other income, including income from the writing back of provisions for possible loan losses		115,691,687.33	221,835
Income from profit-pooling and from partial or full profit-transfer agreements		13,745,900.75	9,287
Income from the writing back of provisions, unless it has to be shown under other income		2,460,920.54	3,517
	Total Income	6,679,490,715.12	6,714,672

Pension payments and payments to Beamtenversicherungsverein des Deutschen Bank- und Bankiergewerbes (a.G.), Berlin, were made during the year in the amount of DM81,456,762.76. For the next five years, we expect these payments to be equivalent to 105%, 114%, 125%, 133%, and 145% of that amount.

Düsseldorf, March 10, 1987

COMMERZBANK
AKTIENGESELLSCHAFT
THE BOARD OF MANAGING DIRECTORS

Seipp Coenen Frowein Hochheuser Knappertsbusch Kohlhaussen Müller-Gebel
Reimnitz Richolt Ruedorffer Spiegel Terrahe

The accounting, the annual financial statement, and the management report, which we have examined with due care, comply with German law and the Company's statutes.

Frankfurt, March 12, 1987

TREUARBEIT
AKTIENGESELLSCHAFT
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT · STEUERBERATUNGSGESELLSCHAFT

Windmöller
Wirtschaftsprüfer
(German public accountant)

Kieser
Wirtschaftsprüfer
(German public accountant)

Consolidated Annual Report for the Year 1986

Notes on the consolidated annual accounts

During the year under review, the Commerzbank Group achieved a satisfactory operating result. Much of it was again used for an increased covering of individual risks attaching to both specific doubtful credits and problem countries. The consolidated net income for the year, left after taxes on income and assets, was up 18% on the 1985 figure, reaching DM408m. From this, a total of DM157m will be allocated to the Group's reserves.

At end-1986, the Group's balance sheet total stood at DM148.2bn and its business volume–which, in addition, includes endorsement liabilities on rediscounted bills–at DM150.7bn. This represents respective growth figures of DM10.9bn and DM11.1bn, or of 8.0% for either. While the Parent Bank, its mortgage lending arm, RHEINHYP, and the West Berlin subsidiary, Berliner Commerzbank AG, contributed about 10% each to the rise in the Group's business volume, the foreign banking subsidiaries included in the consolidation in DM terms recorded only little growth because of exchange rate movements, especially the fall of the US dollar.

The Group's more broadly defined business volume, which also comprises contingent liabilities from guarantees–including those for bills and cheques–and from indemnity agreements, was up by DM10.8bn, or 7.2%, to DM160.4bn.

Commerzbank Aktiengesellschaft has the status of a related enterprise under Section 15 of the German Stock Corporation Act (AktG) in respect of the following subsidiaries and holdings (direct or indirect interest shown below in per cent). Additionally included in the consolidation in the year under review were the following newly-founded companies:

Berliner Commerz Beteiligungsgesellschaft mbH

Casia Grundstücks-Vermietungs- und Verwaltungsgesellschaft mbH

Commerz-Beteiligungsgesellschaft mbH

Commerz International Capital Management Gesellschaft mbH

1) Companies included in the consolidation

Companies transferring their results to Commerzbank AG under profit and loss transfer agreements:

Atlas-Vermögensverwaltungs-Gesellschaft m.b.H., Düsseldorf Share capital DM100,000	100.00
Commercium Vermögens-verwaltungs-GmbH, Hamburg Share capital DM50,000	100.00
Commerz- und Industrie-Leasing GmbH, Frankfurt Share capital DM10,000,000 including: six holding subsidiaries, each with a share capital of DM50,000	100.00
GERAP Grundbesitz- und Verwaltungsgesellschaft mbH, Frankfurt Share capital DM50,000	95.00
Hamburgische Grundstücks Gesellschaft m.b.H., Hamburg Share capital DM50,000	100.00
Immobilien- und Wohnungs-Gesellschaft mbH, Hamburg Share capital DM50,000	100.00
L.I.A. Leasinggesellschaft für Immobilien und Anlagegüter mbH, Frankfurt Share capital DM1,000,000 including: nine private limited liability property holding subsidiaries, each with a share capital of DM50,000, and one property holding subsidiary with a liable equity of DM20,000	100.00
Norddeutsche Immobilien- und Verwaltungs-GmbH, Hamburg Share capital DM50,000	100.00

Companies with which no profit and loss transfer agreements existed:

Aussenhandel-Förderungsgesellschaft mbH, Düsseldorf Share capital DM100,000	100.00
Berliner Commerzbank Aktiengesellschaft, Berlin Share capital DM72,500,000	100.00
Berliner Commerz Beteiligungsgesellschaft mbH, Berlin Share capital DM2,000,000	100.00
Berliner Commerz Grundstücks- und Verwaltungsgesellschaft mbH, Berlin Share capital DM100,000	100.00
Casia Grundstücks-Vermietungs- und Verwaltungsgesellschaft mbH, Düsseldorf Share capital DM50,000	94.17
CB Finance Company B.V., Amsterdam Share capital Dfl1,000,000	100.00
Commerzbank Fonds-Verwaltungsgesellschaft mit beschränkter Haftung (Cofo), Düsseldorf Share capital DM2,000,000	100.00
Commerzbank International S.A., Luxembourg Share capital DM125,000,000	100.00
Commerzbank (Nederland) N.V., Amsterdam Share capital Dfl40,000,000	100.00
Commerzbank Overseas Finance N.V., Curaçao Share capital US$100,000	100.00
Commerzbank (South East Asia) Ltd., Singapore Share capital S$40,000,000	100.00
Commerzbank (Switzerland) Ltd, Zurich Share capital Sfr25,000,000	100.00
Commerzbank U.S. Finance, Inc., Wilmington/Del. Share capital US$10,000	100.00
Commerz-Beteiligungsgesellschaft mbH, Frankfurt, Share capital DM1,000,000	100.00
Commerz-Credit-Bank Aktiengesellschaft Europartner, Saarbrücken Share capital DM14,000,000	65.00
Commerz International Capital Management Gesellschaft mbH, Frankfurt Share Capital DM4,000,000	100.00
Commerz- und Industrie-Leasing Berlin GmbH, Berlin Share capital DM500,000	100.00
von der Heydt-Kersten & Söhne, Wuppertal-Elberfeld Liable equity DM10,000,000	100.00
Ilseder Bank, Sandow & Co., Peine Liable equity DM2,000,000	100.00
C. Portmann, Frankfurt Liable equity DM1,500,000	100.00
RHEINHYP Rheinische Hypothekenbank Aktiengesellschaft, Frankfurt Share capital DM95,000,000	94.17
WESTBODEN Bau- und Verwaltungsgesellschaft Mannheim mbH, Mannheim Share capital DM100,000	94.17

2) Companies not included in the consolidation under Section 329 of the German Stock Corporation Act (AktG)

Foreign companies:

Commerz S.A., Panama Share capital US$20,000	100.00
Handelsgest S.A.R.L., Luxembourg Share capital DM10,000,000	100.00

Indugest S.A.R.L., Luxembourg Share capital DM25,000,000	100.00

Companies of minor significance:

Frega Vermögensverwaltungs-gesellschaft mbH, Frankfurt Share capital DM50,000	100.00
Konsa Vermögensverwaltungs-gesellschaft mbH, Frankfurt Share capital DM50,000	100.00
Mora Vermögensverwaltungs-gesellschaft mbH, Frankfurt Share capital DM50,000	100.00
Neuma Vermögensverwaltungs-gesellschaft mbH, Frankfurt Share capital DM50,000	100.00

3) Related companies not under the Group's sole managerial control

Flender Werft Aktiengesellschaft, Lübeck Share capital DM25,000,000	68.90

Re 1): Companies included in the consolidation

The legal and business relations with consolidated companies are discussed below in the order of the latter's importance to the Group:

RHEINHYP Rheinische Hypothekenbank Aktiengesellschaft, Frankfurt

This leading German mortgage bank, in which Commerzbank holds an almost unchanged share of slightly over 94%, is involved in the provision of mortgage loans, in lending to local governments and authorities, and also in borrowing to fund these operations. In all of this, cooperation with Commerzbank is close.

During the year under review, the bank's total assets reached DM33.8bn, after DM31.1bn in the preceding year. The dividend will be raised by DM1 to DM11 per DM50 nominal share; paid on a share capital increased by DM9.7m to DM95m, this will result in a total distribution of DM20.9m. Subject to approval by the AGM, the bank's reserves will be raised by an allocation of altogether DM40m, compared with DM50m the year before.

Commerzbank International S.A., Luxembourg

Commerzbank's Luxembourg subsidiary operates mainly in the Euromarkets, where it coordinates its activities closely with the Parent Bank.

At DM17bn, the bank's balance sheet total at end-1986 was hardly changed on the previous year's level. Following a DM30m allocation to the voluntary reserves from the previous year's distributable profit, the liable equity amounted to DM353.4m. The bank enjoys the continued support of a US$60m subordinated loan extended to it by the Parent Bank.

Shareholders will be asked to approve that the DM25m distributable profit–identical with the bank's net income for the year as shown in its 1986 accounts–be allocated to reserves. All but this amount from its operating result, which the bank managed to keep at a high level, was used for further loan loss provision.

Berliner Commerzbank Aktiengesellschaft, Berlin

Our Berlin subsidiary was also able nearly to match the previous year's high result. After again providing for all discernible loan risks, an –unchanged–total of DM25m will be allocated to reserves subject to approval by both the bank's board of administration and its AGM. This will bring the equity capital to DM265m. The dividend is to be raised from 18% to 20%.

During the year under review, the total assets of

Commerzbank (South East Asia) Ltd., Singapore,

went up by two-fifths to S$2.8bn; translated into D-marks, however, the rise to DM2.5bn was one of only DM0.1bn. From the bank's net income for the year–up from S$12.8m to S$15.2m–a dividend of 30% will be paid, after an allocation of S$2.8m to reserves. The latter will leave the bank's liable equity, which in the year under review had already been reinforced through a capital increase producing cash proceeds of S$13m, at S$67.1m, or DM59.7m.

Commerzbank (Nederland) N.V., Amsterdam,

closed the 1986 business year with a balance sheet total of Dfl1,190m, as against Dfl1,234m twelve months earlier. The Dfl7.0m result achieved before risk provision and taxes was sufficient to augment the bank's loan loss reserves for country risks to the level required by the Dutch central bank as per end-1986, and to strengthen the voluntary reserves by Dfl2.0m, raising them to Dfl22.4m. The bank's share capital, which stands unchanged at Dfl40m, continues to be supplemented by a Dfl45m subordinated loan from the Parent Bank.

Commerzbank (Switzerland) Ltd, Zurich,

which was set up in 1985, performed very satisfactorily in its first full business year, closing it with total assets of Sfr296m, up from Sfr206m. The bank's operating result has exceeded the expectations held, enabling it both completely to cover the loss of Sfr1.5m carried forward from the preceding partial year and to allocate Sfr0.5m to the legal reserve, from the Sfr2.0m net income for the year remaining after all discernible lending risks had been carefully provided for.

The progress of business of these six banks is more fully discussed on pages 74 to 85.

Commerz-Credit-Bank Aktiengesellschaft Europartner, Saarbrücken,

shows an almost unchanged balance sheet total of DM1,309m. From the net income for the year remaining after all discernible risks had been provided for as necessary, a total of DM2m was allocated to voluntary reserves. The bank's liable equity is thus now made up of DM32m reserves and a DM14m share capital. Its dividend will be raised from 12% to 14%.

CB Finance Company B.V., Amsterdam,

and

Commerzbank Overseas Finance N.V., Curaçao,

raise long-term funds in the Euromarkets and also in other foreign capital markets, for lending. At the closing date, these two companies had launched bonds and notes equivalent to altogether DM4.4bn, proceeds from which were deposited with both the Parent Bank and the Luxembourg subsidiary, Commerzbank International S.A. By ceding to fiduciary trustees the claims arising to them from the funds passed on, the financing companies provided the creditors of some of the issues with collateral. In the case of the other issues, the recipient Group companies acted as guarantors. With one exception, fiduciary trustees have been brought in for the benefit of the creditors even for such issues as had guaranty cover.

Commerzbank U.S. Finance, Inc., Wilmington/Del.,

serves the Parent Bank as a funding arm in the US money markets and had, by the end of the year under review, passed on to it the equivalent of almost DM1bn raised through the issue of commercial paper. The subsidiary's obligations are fully guaranteed by the Parent Bank.

The operations of the two limited partnerships

von der Heydt-Kersten & Söhne, Wuppertal-Elberfeld,

and

Ilseder Bank, Sandow & Co., Peine,

are technically fully integrated into the Commerzbank branch network, with the managing partners of both banks retaining their decision-making powers.

Portmann, Frankfurt,

is a bank confining its activities to the administration of its own assets.

Commerz- und Industrie-Leasing GmbH, Frankfurt,

and

Commerz- und Industrie-Leasing Berlin GmbH, Berlin,

who are engaged in the leasing of moveable goods, continued to expand their business in the year under review. However, while the profit of the Frankfurt-based company, which was transferred to the Parent Bank, was up by one-third on the preceding year's level, Berliner Commerzbank had to assume a high loss that its subsidiary, the Berlin-based company, had–intentionally–incurred in making use of the comprehensive possibilities for writing down leasing equipment offered under the Berlin Promotion Act (BerlinFG).

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

has no commercial activity as such but restricts its operations to administering its property holding companies. The latter, together with GERAP Grundbesitz- und Verwaltungsgesellschaft mbH, Frankfurt, are managed under fiduciary agreements by DIL Deutsche Immobilien Leasing GmbH, a Düsseldorf-based company in which Commerzbank has a 50% interest.

The three leasing companies last mentioned and their property holding subsidiaries have recourse to the Parent Bank and to Berliner Commerzbank to meet their funding requirements. Real estate leasing is, however, also funded, to the extent permitted by law, through mortgage loans by Commerzbank's mortgage lending subsidiary.

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

was renamed

Commerzbank Investment Management Gesellschaft mit beschränkter Haftung

in January 1987. At the same time, its share capital was raised to DM10m. This subsidiary acts as a management company for 93 closed-end funds whose total assets amounted to DM5.8bn at the balance sheet date and which are only offered to institutional investors. "Cofonds", an open-ended fund formerly offered to the general public, is now being wound up.

Through two Frankfurt-based companies,

Commerz-Beteiligungsgesellschaft mbH

and

Commerz International Capital Management Gesellschaft mbH,

both founded at end-1986, the Parent Bank intends to widen the scope of its business. Commerz-Beteiligungsgesellschaft–and, also, Berliner Commerz Beteiligungsgesellschaft mbH, set up locally by the West Berlin subsidiary in 1986–are to provide share capital for small and medium-sized companies interested in strengthening their equity base, be it in view of rising sales, planned investments, or the retirement of shareholders or partners, be it in preparation of a stock exchange introduction.

Commerz International Capital Management Gesellschaft is to look after international investors, especially US pension funds, advising them on and assisting them with the management of their assets. During the short period that the company has now been in operation, it was already able to build a number of promising relationships.

The other consolidated companies listed but not separately reported on here are engaged in activities indicated by their company names, such as trust business or management of less important real estate.

Re 2): Companies not included in the consolidation

In accordance with Section 329 of the German Stock Corporation Act (AktG), Handelsgest S.A.R.L. and Indugest S.A.R.L., both based in Luxembourg, have–as foreign companies–not been included in the consolidation. They restrict their activity to administrating the capital they have been endowed with. Three-quarters and one-quarter of their share capital continues to be owned by us and by our subsidiary, Commerzbank International S.A., respectively.

Also not included in the consolidation is Commerz S.A., Panama, established by the Swiss subsidiary in 1986. Endowed with an initial capital of US$20,000, the Panama offshoot is primarily engaged in custodian business.

Re 3): Related companies not under the Group's sole managerial control

Flender Werft Aktiengesellschaft, Lübeck,

by and large managed to keep its shipyards employed in the year under review through the construction of high-quality container vessels as also through ship rebuilding, repair, and other work. In addition, to meet its in-house needs the company built and started to operate a floating dock with a 15,000 tonne lifting capability. Yet a loss for the year of DM1.5m must be anticipated for financial 1986.

So far, neither the construction of a floating dock for Cameroon nor ship repair orders obtained by the company have proved sufficient to secure an adequate use of capacity over the first half of the current year. Further adjustment measures on the personnel side thus became unavoidable and for the time being shorter hours have to be worked in some areas.

The worldwide imbalance between demand for vessels and available shipyard capacity continues unabated, while the pressure on German shipbuilders from both their competitors in the Far East and in other countries–which rival each other in terms of subsidies–is as strong as before. We view further developments with concern, especially as in the foreseeable future no perceptible easing of the market situation can be expected.

Normal banking relations are maintained with Flender Werft. Those of the Bank's managing directors who serve on the company's supervisory board are engaged in the customary counselling and checking, also in respect of Commerzbank's investment in Flender Werft, but do not seek to influence the conduct of the latter's business in favour of the Bank.

Principles of consolidation

Commerzbank's consolidated annual accounts as at December 31, 1986 were drawn up in accordance with the format for the presentation of annual accounts of German banks as laid down by a regulation of December 20, 1967. Having included a mortgage bank in the consolidation, we use an amplified version of the standard format to present our balance sheet.

For all companies included in the consolidation, the financial years coincide with the calendar year. The accounts of the foreign members of the Group in Amsterdam, Singapore, Wilmington/Del. and Zurich, which are drawn up in local currency, and those of Commerzbank's Curaçao financing arm, drawn up in US dollars, have been converted at the official Frankfurt middle rates on the balance sheet date. Assets and liabilities throughout the Group have been valued on a uniform basis pursuant to the principles of the German Stock Corporation Act (AktG).

For the consolidation of the capital accounts, the book values of investments as shown in the balance sheet have been offset against the values of the related equity as shown in the books of the subsidiaries and affiliated companies concerned. Hence investments as shown in the consolidated balance sheet represent only the book values of holdings in non-consolidated companies.

Inter-Group balances included in any of the asset and liability items have been eliminated in the consolidated balance sheet, as have income and expenses in the Group's profit and loss account and inter-Group book gains that had occurred over the year.

Investment income from consolidated companies received in 1986 for 1985, as well as profits carried forward by Group members, have been included in the profit brought forward, while tax credits received have been deducted from investment income and from the Group's tax expenditure. The profit brought forward was reduced due to the elimination of inter-Group profits from the consolidation in previous years.

Consolidated balance sheet total

The consolidated balance sheet total rose by DM10,926m in 1986. At DM148,150m, it exceeded the total assets of the Parent Bank, Commerzbank Aktiengesellschaft, by DM57,343m (1985: by DM54,617m).

Commerzbank Aktiengesellschaft accounts for 57.2% of the gross assets entering into the Group's balance sheet total before elimination of inter-Group balances, as compared with 57.0% in the previous year, and the consolidated commercial banks for 17.5% (18.5% in 1985). A further 21.3% relates to the mortgage lending subsidiary, RHEINHYP Rheinische Hypothekenbank, and 4% to other companies.

The following changes occurred in individual balance sheet items during the year under review (see next page):

Assets in DM m		Liabilities in DM m	
Cash reserves, cheques, and collection items	+ 899	Liabilities to banks	+ 2,576
Bills of exchange	+ 289	a) demand	(+ 828)
Claims on banks	+ 2,923	b) time	(+ 1,748)
a) demand	(– 301)	Customers' deposits	+ 4,347
b) time	(+ 3,224)	a) demand	(+ 473)
Treasury bills	+ 80	b) time	(+ 1,968)
Bonds, notes, other securities (incl. issued by Group members)	– 293	c) savings deposits	(+ 1,906)
Loans and advances to customers	+ 6,237	Bonds outstanding	+ 2,550
a) less than four years	(+ 360)	Acceptances outstanding	+ 125
b) four years or more	(+ 5,877)	Provisions	+ 266
Investments	+ 544	Capital and reserves	+ 960
Land and buildings, office furniture and equipment	+ 191	Reserve arising from consolidation, in accordance with Section 331 (1) 3 of the German Stock Corporation Act (AktG)	+ 91
Leasing equipment	+ 157	Minority interests	+ 9
Sundries (including loans on a trust basis)	– 101	Consolidated profit	+ 72
		Sundries (including loans on a trust basis)	– 70
	+10,926		+10,926

Assets

Liquidity

At the end of 1986, the Group's cash reserves–consisting of cash on hand and balances with the Deutsche Bundesbank and on postal giro accounts–stood at DM4,178m. This represented 4.4% of the consolidated sum total of liabilities to banks and other creditors at periods of up to four years, including savings deposits, and of indebtedness from bonds and acceptances outstanding with similar maturities of an overall amount of DM95,925m. The liquid funds of the Group–namely cash reserves, cheques, matured bonds, interest and dividend coupons, collection items, bills rediscountable at the Deutsche Bundesbank, claims on banks with periods of less than three months, Treasury bills, discountable Treasury notes, and fixed-interest securities issued by Group members and others eligible as collateral for Deutsche Bundesbank advances–totalled DM24,869m, or 25.9% of the above-mentioned borrowed funds of DM95,925m.

Treasury notes, other securities

The Group's securities holdings were slightly lower at DM11,457m, a reduction of DM293m. The combined volume of Treasury bills and discountable Treasury notes was increased by DM80m to DM2,118m.

A DM106m decrease is shown for bonds and notes held by the Group, including those issued by consolidated companies. Bonds and notes of non-Group issuers were up by DM104m on balance, resulting from a DM1,257m rise in bonds with an original life of more than four years and from a DM1,153m reduction in those with shorter lives. Included in the consolidated balance sheet are DM770m of paper issued by Group members, compared with DM980m in the preceding year.

Holdings of other securities shrank by DM187m to DM837m, much of this fall being explained by the fact that–pursuant to a recent verdict by the German Supreme Court (BGH)–shareholdings of 25% and more, shown as securities so far, have been reclassified as "investments".

Lending

The Group expanded its lending to other banks and to customers (excluding both loans on a trust basis and guarantees) by DM7,757m to DM102,668m in 1986. This represents a rise of 8.2%, as against 4.5% in 1985. With the Parent Bank's loan volume up by 9.7%, the higher figure for the Group otherwise relates mainly to the stepped-up credit business of the mortgage lending and the domestic commercial banking subsidiaries. The foreign commercial bank members of the Group again saw the DM equivalent of their aggregate lending shrink owing to the decline in value of the foreign-currency loans on their books as the dollar continued to weaken. Short-term credit transactions with other banks were increased from DM24.1bn to DM26.1bn; such interbank business is not considered to be part of our lending operations.

The structure of our loan portfolio is illustrated in the table below:

Lending	Year-end, 1986		Year-end, 1985		Change	
	DMm	%	DMm	%	DMm	%
Loans to customers						
a) short and medium-term	29,381	28.6	29,020	30.6	+ 361	+ 1.2
b) long-term (four years or more)	27,312	26.6	23,217	24.4	+4,095	+17.6
Sub-total	56,693	55.2	52,237	55.0	+4,456	+ 8.5
Long-term mortgage and communal loans of mortgage bank subsidiary	29,381	28.6	27,397	28.9	+1,984	+ 7.2
Bills discounted	5,043	4.9	4,535	4.8	+ 508	+11.2
Claims on banks						
a) short and medium-term	5,640	5.5	4,739	5.0	+ 901	+19.0
b) long-term (four years or more)	5,207	5.1	5,456	5.7	− 249	− 4.6
Sub-total	10,847	10.6	10,195	10.7	+ 652	+ 6.4
Leasing equipment	704	0.7	547	0.6	+ 157	+28.7
Total lending	102,668	100.0	94,911	100.0	+7,757	+ 8.2

Excluding lending by the mortgage bank subsidiary, credits to customers rose by DM4.5bn to DM56.7bn for the Group as a whole, with advances at short and medium-term slightly higher at DM29.4bn. Long-term loans were up 17.6% to DM27.3bn. We once more increased the volume of bills discounted, by 11.2% to DM5.0bn.

At DM29.4bn, the overall longer-term lending of our mortgage bank subsidiary, RHEINHYP, showed a rate of growth that was down by a third on that of the previous year. Of the DM2.0bn gain achieved on this basis, some three-quarters was accounted for by mortgage loans and one-quarter by credits to local governments and authorities.

Interbank lending at Group level was expanded by 6.4% to DM10.8bn, with short and medium-term loans up 19.0% and longer-term ones down 4.6%.

Overall, there was a rise from 30.1% to 31.7% in the share of longer-term credits by the commercial banks within the Group in the latter's total lending. With the proportion of–likewise longer-term–mortgage loans having decreased slightly to 28.6%, that of short and medium-term advances (including bills discounted) amounted to 39.0% at the balance sheet date, down from 40.4% at end-1985. Leasing operations, which are also part of the credit business in the broader sense, ran to DM0.7bn and accounted for 0.7% of the Group's total lending.

Fixed assets

After elimination of holdings in consolidated companies, the Group's fixed assets stand at

DM2,769m (DM2,035m in 1985); they comprise holdings in unconsolidated companies (investments) of DM1,523m, land and buildings at DM733m, and office furniture and equipment at DM513m.

Increases of some significance that occurred with "investments" were the result of reclassifying as such the interests the Bank has been holding in the share capital of Karstadt AG and Sachs AG, so far grouped under securities, of the Bank's becoming a founder member of Commerz Securities (Japan) Company Ltd. with a 50% stake in its share capital, and of the Bank's participation in capital increases by Banco Hispano Americano S.A. and by two holding companies which, either directly or indirectly, own interests in the share capital of Daimler-Benz AG and Industriekreditbank AG–Deutsche Industriebank. That these additions were not fully reflected in the overall amount shown as "investments" was due to the fact that the book value of the latter was reduced by the writing-down to memorial items of holdings in two ship mortgage banks in Hamburg and Bremen.

Liabilities and shareholders' equity

Total deposits and borrowed funds

In 1986, the Group's total deposits and other borrowed funds increased by DM9,598m to DM140,328m. At year-end, they were made up as follows:

Borrowed funds

	Year-end, 1986		Year-end, 1985		Change	
	DMm	%	DMm	%	DMm	%
Liabilities to banks						
a) demand deposits	6,116	4.3	5,288	4.0	+ 828	+15.7
b) time deposits	33,092	23.6	31,344	24.0	+1,748	+ 5.6
Sub-total	39,208	27.9	36,632	28.0	+2,576	+ 7.0
Customers' deposits						
a) demand deposits	14,310	10.2	13,837	10.6	+ 473	+ 3.4
b) time deposits	30,646	21.9	28,678	21.9	+1,968	+ 6.9
c) savings deposits	14,224	10.1	12,318	9.4	+1,906	+15.5
Sub-total	59,180	42.2	54,833	41.9	+4,347	+ 7.9
Acceptances outstanding	1,616	1.2	1,491	1.2	+ 125	+ 8.4
Bonds issued by commercial banks within Group	10,421	7.4	10,109	7.7	+ 312	+ 3.1
Bonds issued by mortgage bank subsidiary	29,903	21.3	27,665	21.2	+2,238	+ 8.1
Sub-total	40,324	28.7	37,774	28.9	+2,550	+ 6.8
Total deposits and borrowed funds	140,328	100.0	130,730	100.0	+9,598	+ 7.3

Borrowed funds showed hardly any year-on-year change in terms of the percentage shares in the total represented by the different categories, owing to their largely balanced growth. DM2.6bn rises were, respectively, recorded by deposits by other banks and bonds issued by Group members, the volume of the latter thus reaching DM40.3bn. DM29.9bn of this amount was accounted for by paper of our mortgage bank subsidiary which included DM11.4bn of mortgage bonds and DM16.1bn of communal bonds. The aggregate funds deposited by customers went up by DM4.3bn, or 7.9%, to DM59.2bn, entailing notable shifts in composition: while sight deposits grew only moderately, it proved possible to boost the volume of savings deposits by DM1.9bn, or 15.5%, thus raising their share in overall customer deposits from 22.5% to 24% at year-end.

Other liabilities

After additions of DM266m, provisions reached DM1,841m.

Actuarial computation required a DM75m rise in provisions for pensions which thus reached DM997m on the balance sheet at end-1986.

Provisions for other purposes, which are shown at DM884m, relate in the main to possible loan losses, to taxes, to year-end bonuses only payable in 1987, to other liabilities of uncertain amount, and to such pension commitments as can be expected to fall due in the future–on the basis of the normal entry age method–in the case of employees opting for early retirement under a scheme collectively agreed in 1984. They also concern those portions of the global allowances for recourse claims which are to cover risks attaching to guarantees that cannot be set off against any of the asset items.

Capital and reserves

The Parent Bank's total equity capital rose to DM4,297m. An increase in its share capital, effected in January 1986, and the exercising of share option rights from warrants resulted in an addition of slightly over DM150m to the share capital and an allocation of DM750m to the legal reserve. An unchanged DM60m was allocated to reserves from the consolidated net income for the year.

The consolidation difference as defined in Section 331(1)3 of the German Stock Corporation Act/AktG (in its former version, valid up to December 31, 1986)–i.e. the excess of the book value of the consolidated subsidiaries' equity over the book value of the Parent Bank's investments therein–which is considered to be equity, rose by DM91m to DM516m in the year under review. The increase stems from allocations to reserves by subsidiary banks but does not fully reflect such additions since, owing to the appreciation of the German currency, the DM equivalent of the foreign-currency-denominated equity capital of some subsidiaries shrank.

Including a total of DM39m of further allocations to the Group's reserves subject to approval by the AGMs of consolidated subsidiaries, and also including minority shareholder's interests (the latter without the attributable share of profits), the Group's equity capital at year-end stood at DM4,908m, as against DM3,860m at the end of 1985.

Contingent liabilities and commitments

Commitments for uncalled payments on shares in stock corporations (AG) and private limited liability companies (GmbH), issued but not fully paid, amounted to DM26m at the balance sheet date, while similar liabilities for shares in cooperatives were DM1m. Group members may, under Section 24 of the German Private Limited Liability Companies Act (GmbHG), also be held responsible for possible defaults on such calls by other shareholders. Our holding an interest in Liquiditäts-Konsortialbank GmbH may attract a liability for the payment of assessments up to an amount of DM36m, the calling of which is, however, conditional on the passing of an appropriate resolution by the institution's shareholders. Moreover, some Group members are jointly and severally liable for the assessments payable by other members of their banking associations up to an amount of DM243m.

On the balance sheet date, DM2,292m of the Group's securities holdings were pledged as collateral in short-term fund-raising operations, especially under repurchase agreements with the Deutsche Bundesbank. A further DM1,281m of the Group's assets, being used to provide such security as is legally required in some countries, were tied by liens held.

Consolidated profit and loss account

Net income

Interest and similar income from lending and from money market transactions and current income from securities, Government-inscribed debt, and investments as shown in the consolidated balance sheet decreased by DM213m to DM9,623m. However, with interest expenditure down even more markedly, by DM390m to DM6,877m, the Group's net interest and dividend earnings rose to DM2,746m. This was DM177m, or 6.9%, up on the previous year, surpassing current personnel and other operating expenses by DM327m, or 13.5%. The respective 1985 figures were DM398m, or 18.3%.

The excess of commissions earned over commissions paid in respect of services went up by DM120m, or 14.3%, to DM957m.

Receipts from leased equipment are shown at DM241m, up from DM210m in the previous year. With write-downs on leasing equipment amounting to DM209m, as against DM162m in 1985, net earnings in the leasing business were down from DM48m to DM32m; this figure has been arrived at without allowing for borrowing costs which have been included in interest expenditure.

After balancing other income, the income from the writing back of provisions and of the special item with partial reserve character against write-downs of and adjustments to claims and securities (including those relating to "investments" as shown in the Group's balance sheet), there was a net shortfall of DM337m, compared with one of DM447m in 1985.

Expenditure

The Group's overall personnel expenditure was DM1,699m, while other operating expenses totalled DM720m. The increase in these costs thus amounted to DM248m, or 11.4%, compared with DM222m–also representing 11.4%–the year before.

Depreciation on and adjustments to land and buildings, office furniture and equipment were charged at DM141m (1985: DM110m).

Group taxation totalled DM331m, as against DM322m in the preceding year. This amount includes DM318m for taxes on income and assets, after DM313m in 1985.

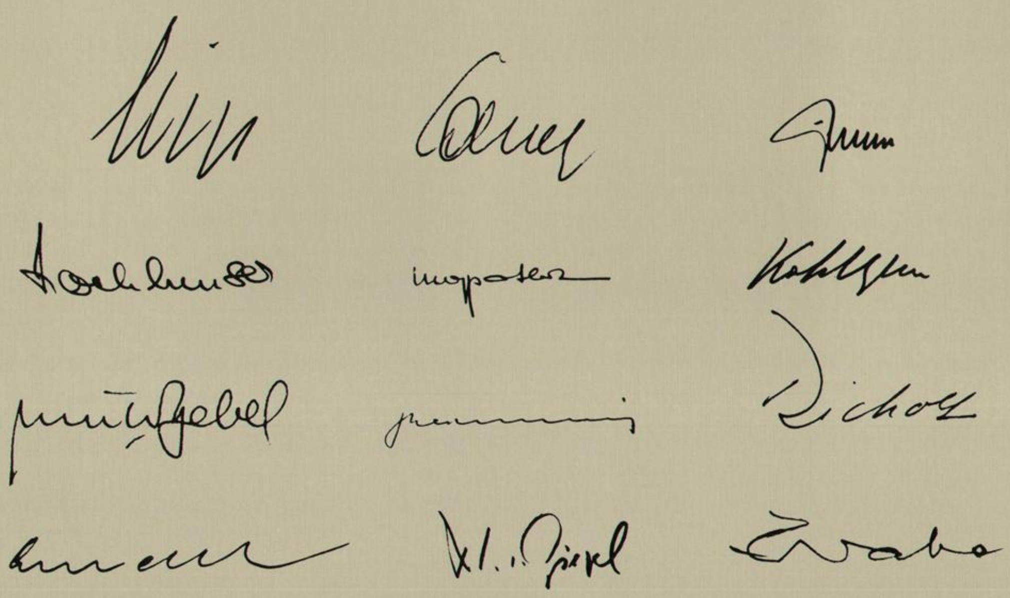
Consolidated net income for the year and consolidated profit

The Group's consolidated net income for the year rose from DM346m to DM408m, and the profit brought forward from the previous year was DM11m. The former will be used to allocate DM60m to the reserves of the Parent Bank and DM57m to those of consolidated companies. The profit due to minority shareholders is DM3m. The remaining consolidated profit thus amounts to DM299m. Subject to approval by the AGMs of three consolidated companies, a further DM39m is to be allocated to the latter's reserves from undistributed profits.

In the current year, we expect ordinary business to generate a slightly reduced operating result for the Commerzbank Group. Whether own-account trading will remain as profitable as in the year under review will above all depend on future developments in both the securities and foreign exchange markets. With the number of insolvencies in West Germany finally having peaked, we expect a reduction of risks in the Group's domestic credit business, while in its international lending, country risks will as yet hardly be diminishing.

THE BOARD OF MANAGING DIRECTORS

Düsseldorf, March 10, 1987



Consolidated Annual Accounts as at December 31, 1986

Consolidated Balance Sheet as at December 31, 1986

Assets	DM	DM	DM	Dec 31, 1985 DM1,000
Cash on hand			394,551,020.29	353,962
Balance with Deutsche Bundesbank			3,750,683,617.71	2,826,624
Balances on postal giro accounts			32,679,769.91	28,141
Cheques, matured bonds, interest and dividend coupons, items received for collection			482,844,958.88	553,469
Bills of exchange			2,477,203,219.31	2,188,295
including: a) rediscountable at Deutsche Bundesbank	611,199,692.52			
b) own drawings	160,970,696.27			
Claims on banks				
a) payable on demand		3,504,675,499.67		3,805,637
b) with original periods or periods of notice of				
ba) less than three months		9,057,231,025.10		8,626,930
bb) at least three months, but less than four years		19,124,283,191.50		15,779,379
bc) four years or more		8,716,135,707.29		9,267,206
			40,402,325,423.56	37,479,152
Treasury bills and discountable Treasury notes, issued by				
a) the Federal and Länder Governments		1,687,091,640.65		1,689,726
b) others		431,247,500.73		348,231
			2,118,339,141.38	2,037,957
Bonds and notes				
a) with a life of up to four years, issued by				
aa) the Federal and Länder Governments	175,517,486.32			
ab) banks	729,409,777.51			
ac) others	434,433,205.00	1,339,360,468.83		2,492,518
including: eligible as collateral for Deutsche Bundesbank advances DM733,445,782.56				
b) with a life of more than four years, issued by				
ba) the Federal and Länder Governments	2,488,279,835.18			
bb) banks	3,614,554,527.93			
bc) others	2,407,806,481.88	8,510,640,844.99		7,253,329
			9,850,001,313.82	9,745,847
including: eligible as collateral for Deutsche Bundesbank advances DM3,638,755,675.85				
Securities not to be shown elsewhere				
a) shares marketable on a stock exchange and investment fund certificates		554,941,457.05		754,899
b) other		281,979,364.48		269,295
			836,920,821.53	1,024,194
including: holdings of more than one-tenth of the shares of a joint stock or mining company, unless shown as investments		375,928,619.10		
Claims on customers, with original periods or periods of notice of				
a) less than four years		29,380,682,679.20		29,020,310
b) four years or more		53,278,949,361.93		47,401,919
			82,659,632,041.13	76,422,229
including: ba) secured by mortgages on real estate	17,619,127,071.56			
bb) communal loans	17,179,565,102.00			
Recovery claims on Federal and Länder authorities under post-war currency reform acts			55,947,938.88	62,954
Loans granted and shares held on a trust basis at third party risk			139,437,914.37	138,264
Subsidiaries, associated companies, and trade investments (investments)			1,522,725,803.80	979,302
including: investments in banks		211,594,466.24		
Land and buildings			733,645,303.15	697,772
Office furniture and equipment			512,676,989.10	357,653
Leasing equipment			703,870,365.57	547,116
Bonds and notes issued by consolidated companies			770,408,599.01	980,250
nominal amount	774,862,401.00			
including: eligible as collateral for Deutsche Bundesbank advances	544,346,258.05			
Other assets			429,316,941.36	537,852
Deferred items				
a) unamortized debt discount (difference according to Section 156 (3) of the German Stock Corporation Act–AktG*)		179,147,482.85		189,846
b) other		97,849,503.15		73,538
			276,996,986.00	263,384
		Total Assets	148,150,208,168.76	137,224,417
Total Assets and the rights of recourse accruing to the Bank in respect of the contingent liabilities shown below the line on the liabilities side include				
a) claims on related companies			367,722,939.30	246,721
b) claims arising from loans falling under Section 15 (1) 1-6 and (2) of the German Banking Act, unless included under a)			248,374,559.31	225,166

* former version, valid up to Dec 31, 1986

Liabilities and Shareholders' Equity	DM	DM	DM	Dec 31, 1985 DM1,000
Liabilities to banks				
a) payable on demand		6,115,703,635.15		5,288,575
b) with original periods or periods of notice of				
ba) less than three months	11,363,876,941.71			
bb) at least three months, but less than four years	15,862,040,362.83			
bc) four years or more	5,860,075,744.81	33,085,993,049.35		31,327,905
including: due in less than four years DM3,177,237,318.78				
c) customers' drawings on other banks		6,403,295.87		15,746
			39,208,099,980.37	36,632,226
Liabilities to customers (customers' deposits)				
a) payable on demand		14,309,373,799.46		13,836,428
b) with original periods or periods of notice of				
ba) less than three months	19,255,017,557.77			
bb) at least three months, but less than four years	7,235,009,203.33			
bc) four years or more	4,156,425,390.40	30,646,452,151.50		28,678,010
including: due in less than four years DM2,630,822,113.69				
c) savings deposits				
ca) subject to legal period of notice	10,855,745,737.05			
cb) other	3,367,970,024.92	14,223,715,761.97		12,317,970
			59,179,541,712.93	54,832,408
Bonds and notes with a life of				
a) up to four years		5,936,962,066.62		6,672,851
b) more than four years		34,386,779,709.43		31,101,335
			40,323,741,776.05	37,774,186
including: maturing in less than four years DM18,140,405,036.19				
Registered bonds issued by mortgage bank subsidiary DM8,301,333,035.37				
Acceptances and promissory notes outstanding			1,616,484,562.48	1,491,035
Loans granted and shares held on a trust basis at third party risk			139,437,914.37	138,264
Provisions				
a) for pensions		996,655,823.23		921,495
b) other		844,521,959.96		653,351
			1,841,177,783.19	1,574,846
Other liabilities			180,563,198.79	249,912
Deferred items				
a) in accordance with Section 25 of the Mortgage Bank Act–HBG		89,130,624.26		91,390
b) other		393,276,119.85		393,555
			482,406,744.11	484,945
Special item with partial reserve character subject to future taxation (in accordance with Section 52 (5) of the German Income Tax Act–EStG and Section 31 (3) of the Berlin Promotion Act–BerlinFG)			2,386,336.80	2,727
Profit-sharing certificates outstanding			425,000,000.00	425,000
Share capital (unissued conditional capital additionally authorized for conversion rights: DM282,796,100.00)			1,037,703,900.00	887,574
Disclosed reserves				
a) legal reserve		1,944,890,309.00		1,194,655
b) other reserves, voluntary		889,000,000.00		829,000
			2,833,890,309.00	2,023,655
Reserve arising from consolidation in accordance with Section 331 (1) 3 of the German Stock Corporation Act–AktG* (excess of book value of consolidated subsidiaries' equity over book value of corresponding investments in Parent Bank's accounts)			515,735,831.32	424,828
Minority interests including: from profit DM2,478,283.87			58,956,698.29	49,573
Foundations			6,432,554.86	6,425
Consolidated profit			298,648,866.20	226,813
Total Liabilities and Shareholders' Equity			148,150,208,168.76	137,224,417
Endorsement liabilities on rediscounted bills of exchange			2,565,698,625.91	2,346,731
Contingent liabilities from guarantees, including guarantees for bills and cheques, and from indemnity agreements			9,719,735,044.09	9,995,217
Savings premiums under the Savings Premium Act			13,680,153.47	28,958
Total Liabilities, together with contingent liabilities and other commitments shown below the line, include liabilities to related companies in the amount of			181,630,016.17	233,179

* former version, valid up to Dec 31, 1986

Consolidated Profit and Loss Account for the year ended Decembe

Expenses	DM	DM	1985 DM1,000
Interest and similar expenses		6,877,263,506.05	7,267,122
Commissions and similar service charges paid		30,179,915.42	28,047
Write-downs of and adjustments to claims and securities, and additions to provisions for possible loan losses		499,428,365.22	669,665
Salaries and wages		1,325,852,240.09	1,184,262
Compulsory social security contributions		197,740,344.77	177,771
Expenses for pensions and other employee benefits		175,046,444.62	155,036
Other operating expenses		720,122,662.66	653,979
Depreciation on and adjustments to land and buildings, office furniture and equipment		140,823,136.93	109,812
Depreciation on leasing equipment		209,070,771.52	162,251
Write-downs of and adjustments to investments (subsidiaries, associated companies, and trade investments)		22,175,817.47	62,999
Taxes			
a) on income and assets	318,383,916.81		313,160
b) other	12,241,854.25		8,442
		330,625,771.06	321,602
Other expenses		99,756,854.63	58,187
Consolidated net income for the year		407,681,735.37	346,193
	Total Expenses	11,035,767,565.81	11,196,926

	DM	DM	1985 DM1,000
Consolidated net income for the year		407,681,735.37	346,193
Profit brought forward from the previous year		10,705,224.65	6,406
		418,386,960.02	352,599
Allocations to disclosed reserves from consolidated net income for the year:			
to other reserves			
a) Parent Bank	60,000,000.00		60,000
b) consolidated subsidiaries	57,259,809.95		63,311
		117,259,809.95	123,311
		301,127,150.07	229,288
Profit attributable to minority interests		2,478,283.87	2,475
Consolidated profit		298,648,866.20	226,813

Income	DM	DM	1985 DM1,000
Interest and similar income from lending and money market transactions		8,795,463,702.33	9,106,638
Current income from			
a) fixed-interest securities and Government-inscribed debt	699,100,885.14		623,681
b) other securities	30,990,719.30		54,028
c) investments (subsidiaries, associated companies, and trade investments)	97,572,660.86		51,488
		827,664,265.30	729,197
Commissions and other service charges received		987,043,245.70	865,348
Income from leased equipment		241,256,757.85	209,503
Other income, including income from the writing back of provisions for possible loan losses		180,254,311.68	281,068
Income from the writing back of provisions, unless it has to be shown under other income		3,744,377.40	4,831
Income from the writing back of special item with partial reserve character		340,905.55	341
	Total Income	11,035,767,565.81	11,196,926

Düsseldorf, March 10, 1987

COMMERZBANK
AKTIENGESELLSCHAFT

THE BOARD OF MANAGING DIRECTORS

Seipp Coenen Frowein Hochheuser Knappertsbusch Kohlhaussen Müller-Gebel
Reimnitz Richolt Ruedorffer Spiegel Terrahe

The annual financial statement and the management report for the Group, which we have examined with due care, comply with German law.

Frankfurt, March 12, 1987

TREUARBEIT
AKTIENGESELLSCHAFT
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT · STEUERBERATUNGSGESELLSCHAFT

Windmöller
Wirtschaftsprüfer
(German public accountant)

Umlandt
Wirtschaftsprüfer
(German public accountant)

Berliner Commerzbank AG, Berlin

General performance

For our Berlin subsidiary, 1986 was another year of gratifying performance. The 10.7% rise in its total assets to over DM6.0bn was spread evenly over the twelve-month period and was largely the result of non-bank business.

After providing adequately for loan risks, the bank once again allocated DM25m to its reserves and raised its dividend by 2 percentage points to 20%. Its liable equity now stands at DM265m.

Retail business

The year saw double-digit growth in both the bank's borrowing from and lending to private customers. A wide and attractive range of special savings facilities, including a variety of regular savings plans, helped considerably towards augmenting aggregate savings deposits to over DM1bn. Savings certificates continued to be successfully marketed, with their overall volume in circulation up by DM36m despite high redemptions. In sales of the bank's own bearer bonds, there was even more emphasis on longer-term paper; the total outstanding rose 10% to DM636m. Sight and time deposits also recorded strong growth.

Retail lending expanded by more than a fifth, with a disproportionate increase in building finance. Most in demand–especially for modernization and maintenance purposes–were home loans with interest rates fixed over longer periods. The 18% gain in instalment credits was impressive as well.

Wholesale business

The bank's corporate loan portfolio experienced further growth in the year under review and here, too, the wish of customers to obtain fixed interest rates over longer terms was the dominant factor. Our standardized small-business loans offered at favourable rates were much in demand. Total wholesale deposits registered a 35% year-on-year rise. There was an unabated tendency for firms to have increasing recourse to a special computerized service offered them by the bank, enabling them to effect their own payments there.

The bank's venture capital subsidiary, Berliner Commerz Beteiligungsgesellschaft mbH, has bought a stake in a well-known Berlin-based enterprise and is negotiating further purchases.

Another venture capital firm which the bank owns jointly with five other partners, Wirtschaftspartner Beteiligungsgesellschaft mbH Berlin (WBB), also acquired a number of new interests and is considering others.

Service business

In its securities business, the bank managed again to boost total turnover, by 10%. Investors tended to focus on equities, displaying a marked reluctance to commit themselves to bonds, particularly DM offerings of foreign issuers. Sales of investment fund shares climbed 13%. New clients were gained for the bank's asset management services which recorded steady further progress.

In the year under review, the bank handled even more foreign business, with non-documentary payments transactions showing strong expansion, especially as regards imports. Customers made increasing use of the possibility to hedge against foreign currency risks through options. With real interest rates high and inflation expected to stay low, precious metals remained unattractive.

Staff and organization

The bank's continuing growth made it necessary to hire more personnel whose number thus rose by 48 to 1,255 at year-end. Of the 143 apprentices Berliner Commerzbank currently employs–and who represent 13% of the bank's total staff–44 began their period of training in the year under review.

Measures taken on the organizational side were once more concentrated on equipping the bank's branches with further display-screen terminals and automated teller machines as well as on the modernization and renovation of premises. Moreover, the bank's clients now have access to 18 cash dispensers 24 hours a day, and there are plans to upgrade the existing self-service facilities this year by installing account statement printers as well.

Annual Accounts 1986

Assets	DM1,000
Cash reserves	313,260
Cheques and collection items	44,976
Bills of exchange	91,430
Claims on banks	1,259,409
Discountable Treasury notes	67,832
Bonds and notes	847,913
Other securities	43,134
Loans and advances to customers at agreed periods of	3,266,681
a) less than four years	(1,360,782)
b) four years or more	(1,905,899)
Recovery claims under post-war currency reform acts	7,994
Loans on a trust basis at third party risk	11,749
Investments (associated companies and trade investments)	5,667
Land and buildings	20,831
Office furniture and equipment	14,442
Own bonds	2,008
Other assets	7,571
Deferred items	38,229
Total Assets	6,043,126

Liabilities and Shareholders' Equity	DM1,000
Liabilities to banks	1,458,694
a) demand	(233,846)
b) time	(1,224,848)
Liabilities to customers (customers' deposits)	3,484,654
a) demand	(805,411)
b) time	(1,653,438)
c) savings deposits	(1,025,805)
Bonds outstanding	636,001
Acceptances outstanding	17,775
Loans on a trust basis at third party risk	11,749
Provisions	111,797
Other liabilities	13,615
Deferred items	25,441
Special item with partial reserve character	1,627
Share capital	72,500
Disclosed reserves	187,500
Distributable profit	21,773
Total Liabilities and Shareholders' Equity	6,043,126
Endorsement liabilities	154,698
Guarantees	293,135

Expenses	DM1,000
Interest and similar expenses	206,805
Commissions paid	617
Write-downs of and adjustments to claims and securities, and additions to provisions for possible loan losses	14,658
Personnel expenditure	82,149
Other operating expenses	35,420
Depreciation on fixed assets	7,339
Taxes	21,560
Charges for losses assumed under profit and loss transfer agreements	12,337
Other expenses	2,104
Net income for the year	41,773
Total Expenses	424,762

Income	DM1,000
Interest and similar income	319,263
Current income from	
a) fixed-interest securities and Government-inscribed debt	60,177
b) other securities	3,761
c) investments	304
Commissions and other service charges received	37,089
Other income, including income from the writing back of provisions for possible loan losses	3,101
Income from profit-pooling and from partial or full profit-transfer agreements	266
Income from the writing back of provisions, unless it has to be shown under other income	569
Income from the writing back of special item with partial reserve character	232
Total Income	424,762

Commerzbank International S.A., Luxembourg

Business objectives

Acting within the overall strategy of the Commerzbank Group the Luxembourg subsidiary, Commerzbank International S.A., has since its foundation in 1969 been engaged in all forms of dealing and lending typical of the Euromarkets. It has also continued to develop its retail operations.

General performance

Luxembourg as a financial centre has successfully weathered the phase of consolidation and restructuring in the Euromarkets and can now look optimistically to the future, not least thanks to recent tax concessions.

As a specialized institution active in the Euromarkets, the Luxembourg subsidiary is open to the innovations they bring forth. It uses them to complement its traditional range of services, an effort which proved particularly fruitful last year. The bank adhered to its earnings-oriented business policy. Total assets remained virtually unchanged at almost DM17.0bn, compared with DM16.7bn last year. The number of staff rose from 82 to 93 during 1986.

Lending

The bank's total lending–comprising loans and advances to customers, claims on banks and bills discounted–dropped 8% to DM8.2bn, the decline reflecting the considerable loss in value suffered by the US dollar. Another factor was that funds repaid in the course of the year could not be offset in full by new business, most of which was at shorter term. As before, the bank applied strict credit-rating standards.

In spite of shrinking Euromarket loan spreads, coupled with intensified competitive pressures, the bank's net interest margin was only slightly lower than in 1985. Once again, the geographical accent in lending was on Western Europe.

Retail business

The bank paid tribute to the growing importance of its retail operations in both its organization and staffing, while further enhancing the range of services available. Thanks especially to both brisk securities dealings and an active regard for its clients' interests, the bank was able to boost its earnings in this sector gratifyingly.

Funding

There was a continued tendency for the structure of the bank's liabilities to improve in the year under review, and efforts to increase the volume of deposits by customers were particularly successful. The overall amount due to them rose 41% to DM3.5bn, with deposits for terms of up to one year predominant. Even so, short-term interbank borrowing in the Euromarket remained the most important source for liquid funds.

New Euromarket instruments were put to use not only on clients' behalf, but also in the bank's own interest, thus achieving greater flexibility to steer both assets and liabilities, while at the same time reducing its funding costs.

Earnings

The bank managed to maintain its earnings at their comfortably high 1985 levels in 1986 as well. Although net interest income–in part reflecting the slump of the dollar–was down, earnings on securities and precious metal dealings went up substantially, and all other areas of trading again produced positive results, too. Income from retail services also registered another strong rise. As in previous years, the bank devoted a sizeable portion of its operating result to reinforcing its loan loss provisions for country risks.

Subject to shareholder approval, the distributable profit of DM25m (DM30m for 1985, including DM4m brought forward) will once more be used for strengthening the bank's reserves and, hence, its equity.

Capital and reserves

Following this allocation to reserves from the 1986 result, our Luxembourg subsidiary's liable equity will stand at DM378.4m.

Annual Accounts 1986

Assets	DM1,000
Claims on banks with agreed periods of a) up to 30 days b) more than 30 days	9,111,740 (2,353,420) (6,758,320)
Bills of exchange	184,124
Loans and advances to customers	5,115,162
Securities	2,170,832
Investments (associated companies and trade investments)	9,116
Land and buildings	19,343
Office furniture and equipment	3,283
Deferred items	351,534
Other assets	4,535
Total Assets	16,969,669

Liabilities and Shareholders' Equity	DM1,000
Liabilities to banks with agreed periods of a) up to 30 days b) more than 30 days	11,737,937 (5,731,925) (6,006,012)
Liabilities to customers (customers' deposits) with agreed periods of a) up to 30 days b) more than 30 days	 3,514,164 (1,580,250) (1,933,914)
Bonds outstanding	294,080
Subordinated loan	116,448
Share capital	125,000
Reserves a) legal reserve b) voluntary reserves c) premia from capital increases	228,400 (12,500) (124,100) (91,800)
Provisions, write-downs and adjustments	 673,012
Deferred items	252,319
Other liabilities	3,309
Distributable profit/ profit brought forward	 25,000
Total Liabilities and Shareholders' Equity	 16,969,669

Expenses	DM1,000
Interest and commissions paid	891,550
Personnel expenditure and other operating expenses	14,415
Taxes	10,468
Write-downs and adjustments	172,194
Depreciation	704
Other expenses	6,430
Net income for the year	25,000
Total Expenses	1,120,761

Income	DM1,000
Interest and commissions received	979,424
Other income	141,337
Total Income	1,120,761

The bank's 1986 annual accounts will be officially published in Mémorial, Journal officiel du Grand-Duché de Luxembourg, Recueil spécial des sociétés et associations.

Commerzbank (Nederland) N.V., Amsterdam

Business objectives

Commerzbank (Nederland) N.V., a wholly-owned Commerzbank subsidiary since end-1984, offers its entire range of products and services to both Dutch and multinational companies from its branches in Amsterdam and Rotterdam, the latter of which is increasingly gaining importance. In addition to lending, and to money market and foreign exchange dealings, the financing and handling of cross-border trade are prominent among the bank's activities.

General performance

At Dfl1,190m (the equivalent of DM1,054m), the bank's total assets as of end-1986 were slightly down on the year. There was a noticeable decline in interbank money market transactions, in favour of customer loan business.

The number of staff calculated on a full-time basis came to 99 at year-end, up from 95 at end-1985.

Lending

Total lending–credits and advances to banks and clients, bills discounted, and loans against borrower's note–was up 17%. Adhering to its strict standards of credit-worthiness, the bank expanded its customer lending, with the accent once again on Dutch companies and the subsidiaries of German firms in the Netherlands.

Earnings

Having fully complied with the requirements of the Dutch central bank concerning country risk provisions, the bank reports an after-tax net income for the year of Dfl2.0m. The main factors behind the decline from the previous year's figure of Dfl3.73m were a growing pressure on interest margins and less profitable own-account dealings, although both were partly offset by a 57% surge in net commission earnings. After an allocation of Dfl2.0m to reserves from the 1986 result, the liable equity of the bank stands at Dfl107m; this amount includes a subordinated loan of Dfl45m.

Outlook

With the overall economic conditions in the Netherlands continuing favourable, the bank expects good progress in 1987.

Annual Accounts 1986

Assets	Dfl1,000
Claims on banks	359,965
a) payable on demand	(54,624)
b) with original periods or periods of notice of	
ba) less than three months	(55,853)
bb) at least three months, but less than four years	(196,402)
bc) four years or more	(53,086)
Claims on customers with original periods or periods of notice of	696,783
a) less than four years	(552,866)
b) four years or more	(143,917)
Bonds and notes	78,249
Land and buildings	5,291
Office furniture and equipment	5,438
Deferred items	27,626
Other assets	17,009
Total Assets	1,190,361
	= DM1,054m

Liabilities and Shareholders' Equity	Dfl1,000
Liabilities to banks	496,890
a) payable on demand	(40,236)
b) with original periods or periods of notice of	
ba) less than three months	(203,911)
bb) at least three months, but less than four years	(191,743)
bc) four years or more	(61,000)
Liabilities to customers (customers' deposits)	581,424
a) payable on demand	(126,258)
b) with original periods or periods of notice of	
ba) less than three months	(226,296)
bb) at least three months, but less than four years	(210,870)
bc) four years or more	(18,000)
Share capital	40,000
Disclosed reserves	22,418
Deferred items	34,007
Other liabilities	15,610
Distributable profit/ profit brought forward	12
Total Liabilities and Shareholders' Equity	1,190,361

Expenses	Dfl1,000
Interest and commissions paid	92,815
Write-downs of and adjustments to claims and securities, and additions to provisions for possible loan losses	5,000
Personnel expenditure and other operating expenses	12,536
Taxes	-4
Depreciation on and adjustments to land and buildings, office furniture and equipment	1,192
Net income for the year	1,985
Total Expenses	113,524

Income	Dfl1,000
Interest and commissions received	104,764
Current income from securities and investments	5,966
Other income	2,794
Total Income	113,524

Dfl100 = DM88.54

Commerzbank (South East Asia) Ltd., Singapore

Business objectives

Commerzbank (South East Asia) Ltd.–COSEA–is a Singapore merchant bank founded in 1979. Its activity covers the whole of South East Asia and in some fields of business even stretches as far as Australia and New Zealand. Within this geographical range, COSEA offers German and foreign companies the full array of Euromarket products and services available in the Asian financial markets. Over the past few years, this subsidiary has also developed into an important base for the global trading operations of the Commerzbank Group.

General performance

In contrast to the situation in 1985, a number of major borrowers in the region showed a preference for raising funds again through the classical means of the Eurocredit. However, it did not always prove possible for all of them without exception to obtain the same favourable terms as they had hitherto enjoyed thanks to the very narrow margins coming with, in particular, the various negotiable securitized funding instruments that had been created.

COSEA took due account of this in the year under review by continuing to enter into new lending commitments only on a very selective basis, applying strict credit-rating standards in the process. Once again, therefore, new business was concentrated on trading activities which comprise not only money market transactions and both foreign exchange spot and future operations, but also interest-rate swaps and, especially, securities dealings.

At year-end, the bank had a staff of 40.

Balance sheet structure

Total assets rose from S$2,012m to S$2,757m, equivalent to DM2,453m. The increase, part of which reflects shifts in exchange rates, derived equally from short-term interbank as also from medium and longer-term customer business.

Earnings

The year saw a further improvement in the operating result, largely thanks to earnings on current securities trading activities. In drawing up the annual accounts, special emphasis was again placed on strengthening the bank's financial backbone as far as possible.

Part of COSEA's after-tax net income for the year of S$15.2m (or DM13.5m) will again be used to pay a 30% dividend on the share capital which, during the year, was raised by S$10m to S$40m, the resulting premium of S$3m having been transferred to reserves. A further S$2.0m will be allocated to the bank's voluntary and S$0.8m to its legal reserves, while the remaining profit of S$0.4m will be carried forward. This will leave the bank with capital and reserves of altogether S$66.6m (or DM59.3m).

Outlook

Over the years, COSEA has steadily extended its product range, to which it added the various services relating to commercial foreign banking in October 1986. From the bank's early days onwards, this expansion was accompanied by a steady upgrading of its technical facilities.

It is thus well placed to take advantage of the great business potential offered by the Pacific Rim countries and of the growing importance of the manifold financial instruments available in Singapore itself.

Annual Accounts 1986

Assets	S$1,000
Cash on hand	1
Bills of exchange	34
Claims on banks	1,034,371
a) payable on demand	(2,985)
b) with agreed periods of notice	(1,031,386)
Treasury bills and discountable Treasury notes	222,568
Claims on customers with agreed periods of notice of	1,040,968
a) less than four years	(566,500)
b) four years or more	(474,468)
Securities	456,008
Land and buildings	983
Office furniture and equipment	572
Deferred items	1,286
Other assets	56
Total Assets	2,756,847
	= DM2,453m

Liabilities and Shareholders' Equity	S$1,000
Liabilities to banks	2,457,597
a) payable on demand	(837)
b) with agreed periods of notice	(2,456,760)
Liabilities to customers (customers' deposits)	211,804
a) payable on demand	(397)
b) with agreed periods of notice	(211,407)
Acceptances outstanding	100
Share capital	40,000
Reserves	26,600
a) legal reserve	(2,800)
b) voluntary reserves	(20,800)
c) premium from capital increase	(3,000)
Provisions	2,986
Deferred items	5,235
Other liabilities	73
Distributable profit	12,452
Total Liabilities and Shareholders' Equity	2,756,847

Expenses	S$1,000
Interest and commissions paid	148,577
Personnel expenditure and other operating expenses	4,526
Taxes	2,229
Write-downs of and adjustments to claims and securities, and additions to provisions for possible loan losses	11,446
Depreciation on buildings, office furniture and equipment	684
Other expenses	9
Net income for the year	15,173
Total Expenses	182,644

Income	S$1,000
Interest and commissions received	176,271
Other income	6,373
Total Income	182,644

S$100 = DM88.97

Commerzbank (Switzerland) Ltd, Zurich

Business objectives

Commerzbank (Switzerland) Ltd was established in January 1985 as a wholly-owned subsidiary of Commerzbank AG, starting operations on May 6 of that year. Its main business is to provide consultancy and asset management services for internationally-oriented private and institutional investors from all over the world, but it also engages in lending, is active as an underwriter for new issues in the Swiss capital market, and operates as a money, foreign exchange, securities, and precious metals dealer.

General performance

Against a background of largely varying trends on both the foreign exchange and securities markets, the bank enjoyed a very successful year. At Sfr296m (equivalent to DM353.9m), its total assets were up 44% on end-1985, chiefly due to securities transactions. Its own holdings of such paper rose by 171% to Sfr56.2m (or DM67.2m). The general growth in the bank's activities was paralleled on the staff side, the number of those employed at year-end being 38 as compared with a previous 25.

Lending and new issues business

The bank's lending in the year under review was almost exclusively confined to providing credits against collateral in the form of securities to investing clients and, despite a substantial increase in amounts due from customers as shown in the balance sheet at Sfr27.0m (or DM32.3m), these continue to be of subordinate importance in terms of total assets. By contrast, the involvement in the underwriting and placing of new issues was again very brisk, with the bank acting as co-manager for a number of Swiss franc offerings by foreign borrowers.

Investment counselling and asset management

1986 brought a notable rise in both the number of the bank's customers and the volume of funds entrusted to it for either safe custody or management, with the high proportion of asset management clients particularly gratifying. Investment tended to be concentrated on securities kept in safe custody at the bank, while little interest was shown in precious metals.

Earnings

The continued gratifying progress made by the bank duly translated into its earnings. Its after-tax net income for the year reached Sfr2.05m (or DM2.45m), attributable among other factors to marked growth in commission income and, in particular, to the good results obtained on own-account dealings.

The full net result will be used to strengthen the bank's equity base. After covering the loss of Sfr1.533m brought forward from its first partial year of operation and after allocating Sfr0.5m to the legal reserve, the remainder of Sfr17,394 will be carried forward to new account.

Outlook

For banking business, Switzerland is by tradition a hospitable environment, characterized as it is by economic stability, little government interference and political neutrality. Not least because of this, Commerzbank's Swiss subsidiary is confident that 1987 will develop into another rewarding year.

Annual Accounts 1986

Assets	Sfr1,000
Claims on banks	197,874
a) payable on demand	(12,765)
b) with agreed periods of notice	(185,109)
Loans and advances to customers	27,031
Securities	56,214
Office furniture and equipment	6,060
Deferred items	3,984
Other assets	4,875
Total Assets	296,038
	= DM354m

Liabilities and Shareholders' Equity	Sfr1,000
Liabilities to banks	222,872
a) payable on demand	(3,288)
b) with agreed periods of notice	(219,584)
Liabilities to customers (customers' deposits)	40,768
a) payable on demand	(21,047)
b) with agreed periods of notice	(19,721)
Share capital	25,000
Legal reserve	500
Deferred items	2,739
Other liabilities	4,142
Distributable profit/ profit brought forward	17
Total Liabilities and Shareholders' Equity	296,038

Expenses	Sfr1,000
Interest and commissions paid	10,273
Personnel expenditure and other operating expenses	6,381
Taxes	163
Write-downs, adjustments and additions to loan loss reserves	5,423
Net income for the year	2,050
Total Expenses	24,290

Income	Sfr1,000
Interest and commissions received	17,557
Other income	6,733
Total Income	24,290

Sfr100 = DM119.55

RHEINHYP Rheinische Hypothekenbank AG, Frankfurt

General performance

Thanks to a slight improvement in construction activity and interest rate levels that continued to be favourable, our mortgage banking subsidiary, RHEINHYP Rheinische Hypothekenbank AG, again recorded brisk loan business in 1986. The volume of both new credits and renegotiated ones exceeded the previous year's levels. Total assets increased by DM2,745m, or 8.8%, to DM33,811m, while the number of staff went up from 472 to 499.

Lending

Total lending of DM6,970m in the year under review (1985: DM6,495m) was split between new commitments of DM5,574m (DM5,210m) and prolongations of DM1,396m (DM1,285m), the latter covering slightly over 80% of loans up for renegotiation of their interest charges. New advances agreed broke down as 46% (47%) mortgages and 54% (53%) credits to public authorities. Mortgage commitments (of DM1,435m, or 56% of the total) were once again mainly in connection with the existing housing stock and included funds extended for modernization or renovation, for refinancing, and for the purchase of houses or apartments. A further DM601m, or 23%, was for new homes and DM534m (21%) for commercial building projects.

The breakdown of credit commitments for new house-building is indicative of the general demand situation in the residential property market: finance for apartments to be rented dropped from its previous third to no more than a quarter of the total, while loans for owner-occupied dwellings saw a further fall in those for apartments to the advantage of those for houses. At the same time, the tendency to fix interest rates over longer periods–which first became noticeable in 1984–continued, though it was less marked: a good three-quarters of the bank's newly committed mortgage loans were at fixed interest rates of ten years or more.

Cooperation with the branches of the Parent Bank once more proved its worth. The range of jointly offered standardized mortgage credits for commercial building projects was widened by adding a new variety called the „REAL-DARLEHEN": these loans finance the purchase of income-producing commercial property by paying out 60% or more of the assessed value of such property, which serves as collateral; interest rates on these credits can be fixed over periods of 10 years and longer.

As RHEINHYP was particularly active in its public-sector lending, new loan commitments in this field rose from DM2,773m to DM3,004m; they broke down as follows: DM1,250m were extended to the Federal Government, its separate accounting entities and the Länder authorities, DM1,685m to other public-sector bodies, and DM69m was used for special credit programmes backed by government guarantee.

The swift pace of the bank's new lending is reflected in the increase from DM5,105m to DM5,563m in total payouts. Loans agreed but not yet disbursed remained about unchanged at DM615m. The volume of credits outstanding grew by DM2,404m to DM31,829m.

Borrowing

The bank funded its lending by raising an overall amount of DM6,626m in the capital market, compared with DM6,290m the previous year. DM6,283m of the total was accounted for by bonds, especially mortgage bonds (DM2,100m) and communal bonds (DM3,560m), the latter serving to fund loans to the public sector. The volume of the bank's bonds outstanding at year-end was DM29.9bn (DM27.6bn), 39% of which were mortgage bonds, 57% communal bonds, and 4% bonds not requiring cover.

Result for the year and liable equity

The bank's net interest earnings registered a gratifying development; they increased by DM25.9m or 12.4% to DM234.7m. Net income for the year was DM60.9m (DM67.1m), the higher figure for the preceding year having also been affected by an amount of DM10.0m written back from reserves under Section 26a of the German Banking Act (KWG).

In August 1986, RHEINHYP raised its capital by DM9.7m; the resulting DM48.5m of cash proceeds brought the bank's equity to DM662.0m.

At the AGM on May 8, 1987, shareholders will be asked to approve payment of a dividend of DM11 (DM10 for 1985) per DM50 nominal share on the increased share capital of DM95.0m; this will require a total amount of DM20.9m (DM17.1m) to be paid out. Shareholders will also be asked to approve the allocation of the remaining DM40.0m of the bank's net income for the year to reserves, to raise the bank's equity to DM702.0m (DM613.5m).

Further details of RHEINHYP's performance are given in its 1986 report.

Annual Accounts 1986

Assets	DM1,000
Loans at agreed periods of four years or more	29,380,915
a) mortgage loans	(14,239,037)
b) communal loans	(15,049,363)
c) other	(92,515)
Recovery claims on Federal and Länder authorities under post-war currency reform acts	8,930
Bonds and notes	75,585
Other securities	84,790
Cash reserves and collection items	5,389
Claims on banks and on other debtors	3,872,674
Own bonds (nominal value DM275,294,000)	268,762
Loans on a trust basis at third party risk	58,798
Investments (associated companies and trade investments)	1,577
Land and buildings	45,979
Office furniture and equipment	5,960
Other assets	1,432
Total Assets	33,810,791

Liabilities and Shareholders' Equity	DM1,000
Bonds issued	28,848,747
a) mortgage bonds	(11,413,058)
b) communal bonds	(16,090,291)
c) other bearer bonds	(1,119,225)
d) bonds drawn by lot and called for redemption	(226,173)
Bonds to be delivered	804,730
Loans taken up at long term	1,410,764
Liabilities to banks and other creditors	650,595
Accrued interest on bonds issued and on loans taken up	1,109,117
Loans on a trust basis at third party risk	58,798
Provisions	112,293
Foundation	1,036
Share capital	95,000
Disclosed reserves	597,424
a) legal reserve	(115,534)
b) other reserves (in accordance with Section 7 of the German Mortgage Bank Act–HBG)	(481,890)
Other liabilities	91,787
Distributable profit	30,500
Total Liabilities and Shareholders' Equity	33,810,791
Contingent liabilities	470

Expenses	DM1,000
Interest and similar expenses	2,125,978
Non-recurrent expenses on bonds issued and on loans granted	105,137
Write-downs of and adjustments to claims and securities, and additions to provisions for possible loan losses	55,042
Personnel expenditure	41,587
Other operating expenses	17,467
Depreciation and other write-downs on fixed assets	2,805
Taxes	61,013
Other expenses	1,547
Net income for the year	60,900
Total Expenses	2,471,476

Income	DM1,000
Interest and similar income	2,368,250
Non-recurrent income from bonds issued and from loans granted	97,526
Income from investments	61
Other income, including income from the writing back of provisions for possible loan losses	5,266
Income from the writing back of provisions, unless it has to be shown under other income	277
Income from the writing back of special items with partial reserve character	96
Total Income	2,471,476

Holdings by Commerzbank Aktiengesellschaft in Affiliated and Othe

Consolidated companies

RHEINHYP Rheinische Hypothekenbank Aktiengesellschaft, Frankfurt	C: DM95.00m	94.2%
Berliner Commerzbank Aktiengesellschaft, Berlin	C: DM72.50m	100.0%
Commerzbank International S.A., Luxembourg	C: DM125.00m	100.0%*)
Commerzbank (Nederland) N.V., Amsterdam	C: Dfl40.00m	100.0%
Commerzbank (South East Asia) Ltd., Singapore	C: S$40.00m	100.0%
Commerzbank (Switzerland) Ltd, Zurich	C: Sfr25.00m	100.0%
Commerz-Credit-Bank Aktiengesellschaft Europartner, Saarbrücken	C: DM14.00m	65.0%
Commerz- und Industrie-Leasing GmbH, Frankfurt	C: DM10.00m	100.0%
Atlas-Vermögensverwaltungs-Gesellschaft m.b.H., Düsseldorf	C: DM0.10m	100.0%
Aussenhandel-Förderungsgesellschaft mbH, Düsseldorf	C: DM0.10m	100.0%
CB Finance Company B.V., Amsterdam	C: Dfl1.00m	100.0%
Commercium Vermögensverwaltungs-GmbH, Hamburg	C: DM0.05m	100.0%
Commerzbank Overseas Finance N.V., Curaçao	C: US$0.10m	100.0%**)
Commerzbank U.S. Finance, Inc., Wilmington/Delaware	C: US$0.01m	100.0%
Commerzbank Investment Management Gesellschaft mit beschränkter Haftung[1]), Düsseldorf	C: DM6.00m	100.0%
Commerz-Beteiligungsgesellschaft mbH, Frankfurt	C: DM1.00m	100.0%*)
Commerz International Capital Management Gesellschaft mbH, Frankfurt	C: DM4.00m	100.0%
GERAP Grundbesitz- und Verwaltungsgesellschaft mbH, Frankfurt	C: DM0.05m	95.0%
Hamburgische Grundstücks Gesellschaft m.b.H., Hamburg	C: DM0.05m	100.0%
von der Heydt-Kersten & Söhne, Wuppertal-Elberfeld	C: DM10.00m	100.0%
Ilseder Bank, Sandow & Co., Peine	C: DM2.00m	100.0%
Immobilien- und Wohnungs-Gesellschaft mbH, Hamburg	C: DM0.05m	100.0%
L.I.A. Leasinggesellschaft für Immobilien und Anlagegüter mbH, Frankfurt	C: DM1.00m	100.0%*)
Norddeutsche Immobilien- und Verwaltungs-GmbH, Hamburg	C: DM0.05m	100.0%**)
C. Portmann, Frankfurt	C: DM1.50m	100.0%

*) held in part indirectly;
**) held wholly indirectly.
[1]) formerly: Commerzbank Fonds-Verwaltungsgesellschaft mbH (Cofo);
[2]) formerly: Absatzkreditbank AG.
[3]) another 10% held as current assets.

Further holdings in German banks

ADIG Allgemeine Deutsche Investment-Gesellschaft mbH, Munich/Frankfurt	C: DM4.80m	29.2%
AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt	C: DM40.00m	12.6%
AKB Auto Kredit Bank Aktiengesellschaft[2]), Hamburg	C: DM18.00m	40.0%
Deutsche Grundbesitz-Investmentgesellschaft mbH, Frankfurt	C: DM6.00m	25.0%
Deutsche Schiffahrtsbank Aktiengesellschaft, Bremen	C: DM35.00m	10.0%
Deutsche Schiffsbeleihungs-Bank Aktien-Gesellschaft, Hamburg	C: DM35.00m	28.5%
Gesellschaft zur Finanzierung von Industrieanlagen mbH, Frankfurt	C: DM1.00m	12.6%
Liquidations-Casse in Hamburg Aktiengesellschaft, Hamburg	C: DM1.15m	25.0%
Liquidationskasse für Zeitgeschäfte AG, Munich	C: DM0.75m	10.0%
Liquiditäts-Konsortialbank GmbH, Frankfurt	C: DM310.00m	3.7%
Lombardkasse AG, Berlin/Frankfurt	C: DM20.00m	10.0%
Münchener Hypothekenbank eG, Munich	C: DM16.51m	0.6%
Privatdiskont-Aktiengesellschaft, Frankfurt	C: DM10.00m	9.0%

a) has holdings°) in Francommerz Vermögensverwaltungsgesellschaft mbH and Heidelberger Druckmaschinen AG;
b) has holding°) in Horten AG;
c) has majority holding in Kempinski AG;
d) has holding°) in Hochtief AG vorm. Gebr. Helfmann;
e) has holding°) in Industriekreditbank AG – Deutsche Industriebank;
f) has holding°) in Hutschenreuther AG;
g) has holding°) in MAN AG
h) has holdings°) in Bavaria Filmkunst GmbH and Didier-Werke AG;
i) has holding°) in Mercedes-Automobil-Holding AG;
j) has holding°) in Thyssen AG.

°) *of at least 25%, entitling to inter-company tax privileges.*

C = Capital

Further holdings in German companies

Almüco Vermögensverwaltungs-gesellschaft mbH, Munich a)
C: DM39.00m 25.0%

AV America Grundbesitz-verwaltungsgesellschaft mbH, Frankfurt
C: DM0.10m 25.0%

CGT Canada Grundbesitz Treuhand GmbH, Frankfurt
C: DM0.10m 20.0%

Commerzbank Aktiengesellschaft von 1870, Hamburg
C: RM100.00m 37.9%

Deutsche Canada-Grundbesitz-verwaltungsgesellschaft mbH, Frankfurt
C: DM0.10m 20.0%

Deutsche Gesellschaft für Anlageverwaltung mit beschränkter Haftung, Frankfurt b)
C: DM150.00m 25.0%

Deutsche Gesellschaft für Immobilienanlagen „America" mbH, Bad Homburg v. d. H.
C: DM0.10m 25.0%

Deutsche Grundbesitz-Anlagegesellschaft m.b.H., Frankfurt
C: DM1.00m 25.0%

Deutsche Immobilien Leasing GmbH, Düsseldorf
C: DM45.00m 50.0%

Deutsche Wagnisfinanzierungs-Gesellschaft mbH, Frankfurt
C: DM50.00m 10.0%

FGH Frankfurter Gesellschaft für Hotelwerte mbH, Frankfurt c)
C: DM0.10m 15.0%

Flender Werft Aktiengesellschaft, Lübeck
C: DM25.00m 68.9%

Francommerz Vermögens-verwaltungsgesellschaft mbH, Frankfurt d)
C: DM50.00m 40.0%

GADES Grundstücks-Vermietungs-gesellschaft mbH & Co. KG, Düsseldorf
C: DM0.10m 49.0%

Gesellschaft für Kreditsicherung mbH, Cologne
C: DM0.30m 26.7%

Gesellschaft für Zahlungssysteme mbH, Frankfurt
C: DM50.00m 6.1%

Hostra Beteiligungsgesellschaft mbH, Düsseldorf e)
C: DM51.16m 33.3%

Karstadt Aktiengesellschaft, Essen
C: DM360.00m 25.0%

Kistra Beteiligungsgesellschaft mbH, Frankfurt f)
C: DM24.20m 25.0%

KVH Kreditverwaltungsgesellschaft Hamburg mbH, Hamburg
C: DM0.10m 40.0%

"Neu-Europa" Hitec & Biotec Gesellschaft für Innovationen mbH & Co. KG, Berlin
C: DM68.85m 13.1%

"Neu-Europa" Hitec & Biotec Gesellschaft für Innovationen Verwaltungs-GmbH, Berlin
C: DM7.65m 13.1%

Regina Verwaltungsgesellschaft mbH, Munich g)
C: DM37.50m 25.0%

Rossma Beteiligungsgesellschaft mbH, Frankfurt h)
C: DM33.00m 40.0%

Sachs Aktiengesellschaft, Munich
C: DM75.50m 25.0%[3])

Stella Automobil-Beteiligungsgesellschaft mbH, Munich i)
C: DM107.14m 25.0%

Thyssen Beteiligungsverwaltung GmbH, Düsseldorf j)
C: DM141.84m 18.3%

Vermietungsgesellschaft SÜD für SEL-Kommunikationsanlagen mbH, Stuttgart
C: DM3.10m 50.0%

WFG Deutsche Gesellschaft für Wagniskapital mbH, Frankfurt
C: DM1.00m 18.0%

WFG Deutsche Gesellschaft für Wagniskapital mbH & Co. KG von 1984, Frankfurt
C: DM100.00m 19.6%

Further holdings in foreign financial institutions and in other companies abroad

Commerz Securities (Japan) Company Ltd., Hong Kong
C: HK$155.00m 50.0%

EuroPartners Securities Corporation, New York
C: US$6.81m 40.0%

UBAE Arab German Bank S.A., Luxembourg/Frankfurt
C: DM30.00m 25.1%

Korea International Merchant Bank, Seoul
C: won15.00bn 20.0%

Banco Hispano Americano S.A., Madrid
C: Ptas40.155bn 10.0%

Banque Marocaine du Commerce Extérieur, Casablanca
C: dirham210.00m 1.8%

Banque Nationale pour le Développement Economique, Rabat
C: dirham210.00m 0.2%

The Development Bank of Singapore Ltd., Singapore
C: S$293.28m 0.5%

Europartners Holding S.A., Luxembourg
C: Lfr7.50m 33.3%*)

Finance Company VIKING, Zurich
C: Sfr30.00m 12.0%

P.T. Finconesia Financial Corporation of Indonesia, Jakarta
C: IRp3.00bn 5.0%

Handelsgest S.A.R.L., Luxembourg
C: DM10.00m 100.0%*)

Indugest S.A.R.L., Luxembourg
C: DM25.00m 100.0%*)

International Commercial Bank PLC, London
C: £24.00m 12.0%

The International Investment Corporation for Yugoslavia S.A., Luxembourg
C: US$13.50m 1.2%

Misr International Bank S.A.E., Cairo
C: US$15.00m 2.6%**)

Mithai Europartners Finance and Securities Company Ltd., Bangkok
C: baht40.00m 8.0%

Société de Gestion du Rominvest International Fund S.A., Luxembourg
C: Lfr40.00m 10.0%

S.W.I.F.T. Society for Worldwide Interbank Financial Telecommunication s.c., Brussels
C: Bfr420.11m 1.3%

Unibanco–Banco de Investimento do Brasil S.A. (B.I.B.), Rio de Janeiro
C: Cz$780.00m 5.0%

Besides, the Bank holds interests in regional security depository banks, credit guarantee associations, and housing companies, and in addition there are further holdings of minor importance.

Appendices

Issues and Syndicate Transactions, Capital Increases, and Stock Exchange Listings

Domestic public entities' bonds

AKA Ausfuhrkredit-Gesellschaft mbH
State of Baden-Wuerttemberg
Free State of Bavaria
The Free Hanseatic City of Bremen
Federal Republic of Germany
German Federal Post Office
German Federal Railways
The Free and Hanseatic City of Hamburg
State of Hesse
Kreditanstalt für Wiederaufbau
State of Lower Saxony
State of North Rhine-Westphalia
State of Rhineland-Palatinate
State of Schleswig-Holstein

Other domestic bonds, including mortgage and communal bonds (including bonds with warrants)

Andreae-Noris Zahn AG
Bayerische Hypotheken- und Wechsel-Bank AG
Deutsche Schiffsbeleihungs-Bank Aktien-Gesellschaft
Rheinisch-Westfälisches Elektrizitätswerk AG
Salamander AG
Trinkaus & Burkhardt KGaA

DM bonds of foreign issuers (including convertible bonds and bonds with warrants or currency option)

African Development Bank
Amsterdam-Rotterdam Bank N.V.
Asian Development Bank
Asko Finance B.V.
Commonwealth of Australia
Republic of Austria
The Bank of Nova Scotia
Banque d'Arbitrage, de Trésorerie et d'Instruments Financiers – BATIF
Banque Leu (Luxembourg) S.A.
Benetton International N.V.
BHF-Bank Finance (Jersey) Limited
BHW-Finance N.V.
BMW Finance N.V.
Caisse Nationale des Télécommunications (CNT)
Canterra Energy Ltd.
Chrysler Financial Corporation
Citicorp
Commerzbank Overseas Finance N.V.
Conti-Gummi Finance B.V.
The Council of Europe Resettlement Fund for National Refugees and Over-Population in Europe
CPC International Inc.
Crédit Foncier de France
Credit Suisse Finance (Panama) S.A.
Dai-Ichi Kangyo Bank Nederland N.V.
Daimler-Benz International Finance B.V.
Danish Export Finance Corporation
Kingdom of Denmark
Deutsche Bank Finance N.V.
The Dow Chemical Company
Dresdner Finance B.V.
Elders (U.K.) plc
Electricité de France (EdF)
Ente Nazionale per l'Energia Elettrica (ENEL)
Euro-DM Securities Limited
Series B Euro-DM Securities Limited
Series C Euro-DM Securities Limited
Series D Euro-DM Securities Limited
EUROFIMA European Company for the Financing of Railway Rolling Stock
European Economic Community (EEC)
European Investment Bank (EIB)
The Export-Import Bank of Korea
Finansieringsinstituttet for Industri og Haandvaerk A/S
Finnish Real Estate Bank
Fluor Corporation
General Motors Corporation
German Public Sector Finance B.V.
German State Securities (Serie B) Limited
Heraeus International Finance B.V.
Hoesch International Finance B.V.
Hydro-Quebec
Imatran Voima Oy
Inco Limited
Industrial Bank of Finland Ltd.
The Industrial Bank of Japan Finance Company N.V.
Inter-American Development Bank
International Bank for Reconstruction and Development (World Bank)
International Finance Corporation (IFC)
Intershop Overseas Finance (Curaçao) N.V.
Republic of Ireland
Kao Corporation
Kaufhof Finance B.V.
Kenwood Corporation
KHD Dutch Finance B.V.
Kobori Juken Co., Ltd.
The Korea Development Bank
Lindt & Spruengli (Finance) Limited
Lufthansa International Finance N.V.
Mafina B.V.
Province of Manitoba
Maruyama Mfg. Co., Inc.
McDermott Incorporated
Mediobanca, Banca di Credito Finanziario S.p.A.

Metallgesellschaft Finance B.V.
Midland International Financial Services B.V.
Mitsubishi Chemical Industries Limited
Mitsubishi Finance (Hong Kong) Limited
Mitsubishi Heavy Industries Ltd.
City of Montreal
Mo Och Domsjö AB
Philip Morris Companies Inc.
Nederlandsche Middenstandsbank NV
Neste Oy
Österreichische Kontrollbank AG
Phs. van Ommeren N.V.
Optec Dai-Ichi Denko Co., Ltd.
Pirelli Deutschland International Finance B.V.
Republic of Portugal
Post-Och Kreditbanken
Province of Quebec
SBC Finance (Cayman Islands) Ltd.
Senko Co., Ltd.
Sparekassen Bikuben
Steirische Wasserkraft- und Elektrizitäts-AG
Suminoe Textile Co., Ltd.
Kingdom of Sweden
Union Bank of Finland Ltd.
Volkswagen International Finance N.V.
Wella International Finance B.V.
Westpac Banking Corporation

Foreign currency bonds of foreign issuers (including convertible bonds and bonds with warrants or currency option)

Abbey National Building Society
AB Electrolux
Aegon N.V.
Aktiebolaget Svensk Exportkredit
(Swedish Export Credit Corporation)
Algemene Bank Nederland N.V.
Alliance & Leicester Building Society
Allied-Signal Inc.
American Brands, Inc.
American Express Credit Corporation
American Express Overseas
Credit Corporation N.V.
American Medical International, Inc.
Amoco Company
Amsterdam-Rotterdam Bank N.V.
Asahi Chemical Industry Co., Ltd.
ASEA Capital Corporation B.V.
ASICS Corporation
Associates Corporation of North America
Australia and New Zealand
Banking Group Limited
The Australian Gas Light Company
Australian Industry Development Corporation
Republic of Austria
Automobiles Peugeot S.A.
Avon Capital Corporation
Banca Nazionale dell' Agricoltura S.p.A.
Banca Nazionale del Lavoro
Banco di Roma S.p.A.
Bank of Boston Corporation
Bank of China
Bank of Montreal
Bank of Montreal Realty Inc.
The Bank of Nova Scotia
Bank of Tokyo (Curaçao) Holding N.V.
Banque d'Arbitrage, de Trésorerie et
d'Instruments Financiers – BATIF
Banque Française du Commerce Extérieur
Banque Nationale de Paris
Banque Paribas
Bayerische Vereinsbank Overseas Finance N.V.
B.B.L. International N.V.
Bertelsmann International Finance Limited N.V.
BFG: Luxembourg Société Anonyme
BHF-Bank Finance (Jersey) Limited
BMW Finance N.V.
BPCA Finance Limited
Brierley Investments Overseas N.V.
Britannia Building Society
Province of British Columbia
British Telecom Finance B.V.
Brown Shipley Finance (Holland) B.V.
Burton Capital B.V.
Caisse Centrale
de Coopération Economique (CCCE)
Canadian Imperial Bank of Commerce
Canadian National Railway Company
Canadian Pacific Limited
Canon Inc.
Centrale Nucléaire Européenne
à Neutrons Rapides S.A. – NERSA
Cerinvest N.V.
CGF Capital B.V.
Chevron Corporation
The Chugoku Electric Power Company,
Incorporated
CIBC Australia Limited
CIBC Mortgage Corporation
Citicorp
The Coca-Cola Company
Commerzbank Overseas Finance N.V.
Commonwealth Bank of Australia
Communauté Urbaine de Montreal
(Montreal Urban Community)
Compagnie de Saint-Gobain
City of Copenhagen
Copenhagen Handelsbank A/S
The Council of Europe Resettlement Fund
for National Refugees
and Over-Population in Europe
Creditanstalt-Bankverein
Crédit Chimique
Crédit Foncier de France
Crédit Lyonnais
Crédit National
CSR Finance Limited
Dai-Ichi Kangyo Finance (Hong Kong) Limited
Daimler-Benz International Finance B.V.

Dainippon Pharmaceutical Co., Ltd.
Daiwa Securities Corporation Ltd.
Dansk Naturgas A/S
Dart & Kraft Financial Corporation
Kingdom of Denmark
Den norske Creditbank
Den norske stats oljeselskap a.s (Statoil)
Deutsche Bank Finance N.V.
The Development Bank of Singapore Ltd.
DG Finance Company B.V.
DKB Asia Limited
Naamloze Venootschap DSM
Eastman Kodak Credit Corporation
The T. Eaton Acceptance Co. Limited
Electricité de France (EdF)
European Atomic Energy Community
European Coal and Steel Community (ECSC)
European Economic Community (EEC)
European Investment Bank (EIB)
European Telecommunications
Satellite Organization (EUTELSAT)
Export Development Corporation
Farm Credit Corporation
Federal Business Development Bank
Ferrovie dello Stato
Fiat Finance and Trade Ltd.
Fiberglas Canada Inc.
Finansieringsinstituttet
for Industri og Haandvaerk A/S
First Chicago Corporation
Fletcher Challenge Finance (Overseas) Ltd.
Ford Credit Australia Limited
Ford Credit Canada Limited
Ford Motor Credit Company
Forsmarks Kraftgrupp Aktiebolag
Fuji Heavy Industries Ltd.
Gannett Co., Inc.
Générale Occidentale
General Motors Acceptance Corporation
General Motors Acceptance Corporation
of Canada, Limited
General Motors of Canada Limited
The Gillette Company
Girozentrale und Bank der
österreichischen Sparkassen AG
The Goodyear Tire & Rubber Company
Government Insurance Office
of New South Wales
GTE Finance Corporation
H. J. Heinz Company
Hill Samuel Group plc
Hispano Americano International Limited
Hudson's Bay Company
Hunter Douglas N.V.
Hydro-Quebec
IBM International Business Machines
Corporation
IBM Japan, Ltd.
IBM World Trade Corporation
IKB Finance B.V.
Imasco Limited
Imatran Voima Oy
Inco Limited
Inter-American Development Bank
International Bank for Reconstruction
and Development (World Bank)
Republic of Ireland
Republic of Italy
C. Itoh & Co. Ltd.
Japan Leasing Corporation
Kajima Corporation
Kansai Paint Co., Ltd.
Kawasaki Steel Corporation
KB IFIMA N.V.
Kjobenhavns Telefon Aktieselskab
Kredietbank S.A. Luxembourgeoise
Kubota, Ltd.
Lend Lease Finance Limited
John Lewis plc
Liberty Mutual Capital Corporation
Lloyds Bank NZA Limited
Lloyds Bank plc
The Long-Term Credit Bank
of Japan Finance N.V.
The Long-Term Credit Bank
of Japan, Limited
Lonrho Finance Public Limited Company
Lucas Industries plc
Mafina B.V.
Province of Manitoba
Manufacture Française
des Pneumatiques Michelin
Marks & Spencer Finance (Nederland) B.V.
Massachusetts Mutual
Life Insurance Company
Mazda Motor Corporation
Merrill Lynch & Co., Inc.
Midland Bank plc
The Mitsui Bank, Limited
Mitsui Trust and Banking Company Limited
Monsanto Company
J. P. Morgan & Co. Incorporated
The Morgan Crucible Company plc
Morgan Guaranty Trust Company of New York
Philip Morris Companies Inc.
The Mortgage Bank and Financial
Administration Agency of the
Kingdom of Denmark
Nagoya Railroad Co., Ltd.
National Australia Bank Limited
National Westminster Bank plc
N.V. Nederlandse Gasunie
Province of Newfoundland
New South Wales Treasury Corporation
New Zealand
NHK Spring Co., Ltd.
Nippon Oil Company, Limited
The Nomura Securities Co., Ltd.
Nordiska Investeringsbanken

Norges Kommunalbank
Norsk Hydro a.s
North American Philips Corporation
Nova – An Alberta Corporation
NZI Financial Services (UK)
Oil and Natural Gas Commission
OKG Aktiebolag
Olivetti International S.A.
City of Oslo
Outokumpu Oy
Pacific Dunlop Limited
Pacific Western Airlines Corporation
Pearson plc
Péchiney
PHH Group, Inc.
Phibro-Salomon Inc.
N.V. Philips' Gloeilampenfabrieken
Pilkington Brothers plc
Postipankki
PPG Industries Inc.
Primary Industry Bank of Australia (PIBA)
The Procter & Gamble Company
Province of Quebec
City of Quebec
Rautaruukki Oy
Régie Nationale des Usines Renault
Remy Finance B.V.
Renown Incorporated
The Restaurant Seibu Ltd.
Rhône – Poulenc S.A.
The Royal Bank of Canada
Province of Saskatchewan
SBC Finance (Cayman Islands) Ltd.
Schering-Plough Corporation
Scotia Mortgage Corporation
Sears Acceptance Company Inc.
Security Pacific Australia Limited
Sekisui Chemical Co., Ltd.
SGS Finance (Luxembourg) Finance S.A.
Shearson Lehman Brothers Holdings Inc.
Shimadzu Corporation
Shiseido Company, Limited
Siemens Western Finance N.V.
Smith & Nephew Associated Companies plc
Société Générale
Société Nationale Elf Aquitaine
Société Nationale Industrielle
  Aérospatiale (SNIAS)
Sparekassen Bikuben
Standard Elektrik Lorenz Finance N.V.
State Bank of New South Wales
Sumitomo Corporation
Sumitomo Realty & Development Co., Ltd.
Sumitomo Trust and Banking Company, Limited
Svenska Handelsbanken
Swedegas AB
Kingdom of Sweden
TEC Electronics Corporation
Thomson-Brandt International B.V.
TOTAL Compagnie Française des Pétroles
Transamerica Financial Corporation
Trizec Corporation Ltd.
Trusthouse Forte plc
TRW Inc.
UB Investments plc
Unilever Becumij N.V.
Union Bank of Switzerland Finance N.V.
United Kingdom
United Technologies Corporation
USX Corporation
Vereinwest Overseas Finance (Jersey) Ltd.
Viacom International Inc.
Volkswagen International Finance N.V.
Wako Securities Co. Ltd.
S.G. Warburg Capital B.V.
Wellcome plc
Westinghouse Credit Corporation
Westpac Banking Corporation
Woodside Financial Services Ltd.
Württembergische Kommunale Landesbank
  Girozentrale
Xerox Credit Corporation
Yamaichi Securities Company, Limited
The Yasuda Trust and
  Banking Company, Limited

German shares

Allianz AG Holding
Andreae-Noris Zahn AG
ASKO Deutsche Kaufhaus AG
BASF AG
Bayer AG
Bayerische Handelsbank AG
Bayerische Hypotheken- und Wechsel-Bank AG
Bayerische Motoren Werke AG
Bayerische Vereinsbank AG
Berliner Handels- und Frankfurter Bank
Bremer Vulkan AG
  Schiffbau und Maschinenfabrik
Colonia Versicherung AG
Daimler-Benz AG
Deutsche Centralbodencredit-AG
Deutsche Hypothekenbank
  Frankfurt – Bremen AG
Deutsche Steinzeug- und
  Kunststoffwarenfabrik Verwaltungs-AG
edding AG
Feldmühle Nobel AG
Felten & Guilleaume Energietechnik AG
Frankfurter Hypothekenbank AG
Frankona Rückversicherungs-AG
Th. Goldschmidt AG
Heidelberger Druckmaschinen AG
Hoechst AG
Industriekreditbank AG –
  Deutsche Industriebank
Industrieverwaltungsgesellschaft AG
Kampa-Haus AG
Kraftübertragungswerke Rheinfelden AG

Lehnkering Montan Transport AG
Maho AG
MAIHAK AG
Main-Gaswerke AG
Mannesmann AG
Mannheimer Versicherung AG
Mercedes-Automobil-Holding AG
Mineralbrunnen Überkingen-Teinach AG
Münchener Rückversicherungs-Gesellschaft AG
Nixdorf Computer AG
Nordcement AG
O & K Orenstein & Koppel AG
Phoenix AG
PUMA AG Rudolf Dassler Sport
RHEINHYP Rheinische Hypothekenbank AG
Rheinisch-Westfälisches Elektrizitätswerk AG
Salamander AG
Siemens AG
Stöhr & Co. AG
Technocell AG München
Spezialpapierwerke & Zellstofftechnik
Thüringer Gas AG
VDO Adolf Schindling AG
Vereinsbank in Nürnberg AG
Vereins- und Westbank AG
VIAG AG
Vogt electronic AG
Volkswagen AG
Wella AG

German profit-sharing certificates

Allianz AG Holding
Bertelsmann AG
Klöckner & Co. KGaA

Foreign shares and participation certificates

AB Electrolux
AB Volvo
Adia S.A.
Allied Irish Banks plc
American Express Company
Anheuser-Busch Companies, Inc.
ARICO America Realestate
Investment Company
Aristech Chemical Corporation
Associated Newspapers Holdings plc (ANH)
Avis Europe plc
Banque Bruxelles Lambert S.A.
BBA Group plc
Benetton Group S.p.A.
British & Commonwealth Shipping plc (B & C)
British Gas plc
BTR plc
Bührmann-Tetterode N.V.
Cadbury Schweppes plc
Cambior Inc.
Chemical Waste Management, Inc.
Chesebrough-Pond's Inc.
Coca-Cola Enterprises Inc.
Compagnie Financière de Paribas
Copenhagen Handelsbank A/S
Emess Lightning plc
Falcons Pass-Through Securities Ltd.
Fiat S.p.A.
Fieldcrest Cannon, Inc.
Fireman's Fund Corporation
Grattan plc
Guinness plc
Hanson Trust plc
Hawley Group Limited
The Henley Group Inc.
Holderbank Financière Glaris Ltd.
Hunter Douglas N.V.
Jardine Matheson Holdings Limited
Koninklijke Luchtvaart Maatschappij N.V. – KLM
Lafarge Coppée
Landis & Gyr Holding AG
The Leslie Fay Companies, Inc.
Mövenpick Holding
Morgan Grenfell & Co. Ltd.
Morgan Stanley Group Inc.
Newscorp Finance N.V.
Next plc
Österreichische Länderbank AG
Péchiney
Pelikan Holding AG
The Peninsular and Oriental Steam
Navigation Company ("P & O")
Pohjola Insurance Company Ltd.
Rank Organisation plc
Ratner plc
Redland plc
Saatchi & Saatchi Company plc
Smith & Nephew Associated Companies plc
Société Générale de Belgique S.A.
SPP
Swiss Bank Corporation
Swiss Volksbank
The Travelers Corporation
Trenwick Group Inc.
TSB Group plc
Union Carbide Corporation
United Biscuits (Holdings) plc
Wellcome plc

Other syndicate transactions

BBC AG Brown, Boveri & Cie.
Brown, Boveri & Cie. AG
Guano-Werke AG
Gutehoffnungshütte Aktienverein AG
MAN AG
Thyssen AG
Wintershall Beteiligungs-Gesellschaft mbH

Headquarters

Frankfurt	32-36 Neue Mainzer Strasse, D-6000 Frankfurt, Telephone (069) 13621, Telex 4152530
Düsseldorf	25 Breite Strasse, D-4000 Düsseldorf, Telephone (0211) 8271, Telex 8 581 381
Hamburg	7-9 Ness, D-2000 Hamburg, Telephone (040) 361311, Telex 212391

All International Departments are in Frankfurt.

Domestic Branches

Year given indicates either opening of branch by Commerzbank or by one of the three regional banks which became part of it (Mitteldeutsche Privat-Bank in 1920, Mitteldeutsche Creditbank in 1929, and Barmer Bank-Verein in 1932), or takeover of other institutions.

Year given in parentheses indicates opening of branch by bank later taken over by Commerzbank.

Aachen
1920 (1874)
with sub-branches
Adalbertstrasse
Burtscheid
Markt
and paying office
Autobahn-Nord

Aalen
1969

Achim
1973

Ahlen (Westphalia)
1961

Ahrensburg (Holstein)
1958

Albstadt-Ebingen
1969

Albstadt-Tailfingen
1975

Alfeld (Leine)
1962

Alsfeld
1969

Altena (Westphalia)
1912 (1880)

Amberg
1980

Andernach
1954

Arnsberg-Neheim
1968

Aschaffenburg
1962

Attendorn
1981

Augsburg
1919
with sub-branches
Donauwörther Strasse
Göggingen
Lechhausen

Backnang
1961

Bad Bramstedt
1973

Baden-Baden
1914 (1878)

Bad Driburg
1975

Bad Harzburg
1974

Bad Hersfeld
1962

Bad Homburg v. d. H.
1967

Bad Honnef
1966

Bad Kissingen
1976

Bad Kreuznach
1929 (1907)

Bad Nauheim
1968

Bad Neuenahr-Ahrweiler
1966
with sub-branch
Ahrweiler

Bad Oeynhausen
1965

Bad Oldesloe
1961

Bad Pyrmont
1979

Bad Salzuflen
1963

Bad Soden (Taunus)
1968

Bad Vilbel
1968

Balingen (Württ.)
1958

Bamberg
1968

Bayreuth
1967

Beckum
(Münster district)
1960

Bensheim
1969

Bergheim (Erft)
1975

Bergisch Gladbach
1968

Bergneustadt
1959

Biberach (Riss)
1968

Bielefeld
1905 (1867)
with sub-branches
Betheleck
Brackwede
Heeper Strasse
Herforder Strasse
Sennestadt
Sieker
Stapenhorststrasse

Bietigheim-Bissingen
1975

Bingen
1968

Bocholt
1920

Bochum
1920
with sub-branches
Altenbochum
Ehrenfeld
Hamme
Linden
Stiepel
Weitmar

Bochum-Wattenscheid
1918 (1906)
with sub-branch
Höntrop

Böblingen
1968

Bonn
1908 (1885)
with sub-branches
Bundeskanzlerplatz
Markt
Römerplatz
Tannenbusch
Liaison Office:
see page 99

Bonn-Bad Godesberg
1959

Bonn-Beuel
1961

Bonn-Duisdorf
1960

Borken (Westphalia)
1960

Bottrop
1959

Brake
1976

Braunschweig
(Brunswick)
1929 (1853)
with sub-branches
Am Hauptbahnhof
Celler Strasse
Dankwardstrasse
Jasperallee
Radeklint

Bremen
1920
with sub-branches
Dobben
Findorff
Gröpelingen
Hemelingen

Neustadt
Schwachhausen
Steintor
West
Woltmershausen

Bremen-Vegesack
1954

Bremerhaven
1956
with sub-branches
Geestemünde
Lehe

Bremervörde
1961

Bruchsal
1968

Brühl (Cologne district)
1969

Brunsbüttel
1962

Brunswick:
see Braunschweig

Bückeburg
1954 (1856)

Bünde
1961

Burgdorf
1970

Butzbach
1967

Buxtehude
1972

Celle
1961

Cloppenburg
1961

Coburg
1971

Coesfeld
1961

Cologne:
see Köln

Constance:
see Konstanz

Cuxhaven
1921

Dachau
1968

Darmstadt
1957
with sub-branches
Arheilgen
Karlstrasse

Delmenhorst
1954

Detmold
1961

Diepholz
1968

Diez (Lahn)
1967

Dillenburg
1961

Dinslaken
1965 (1921)

Dissen (Teutob. Forest)
1975

Dormagen
1967

Dorsten
1964

Dortmund
1904 (1878)
with sub-branches
Aplerbeck
Brackel
Hörde
Hohe Strasse
Hombruch
Kaiserstrasse
Königswall
Mengede
Münsterstrasse
Ruhrallee

Dreieich
1968

Dülmen
1968

Düren
1959

Düsseldorf
1903 (1889)
with sub-branches
Am Hafen
Am Hauptbahnhof
Brehmplatz
Eller
Friedrichstrasse
Garath
Gerresheim
Golzheim
Grafenberger Allee
Heerdt
Heinrichstrasse
Holthausen
Kaiserswerth
Karolingerplatz
Königsallee
Nordstrasse
Oberbilk
Oberkassel
Rath
Reisholzer Strasse
Schadowstrasse
Unterrath
Wersten
Worringer Platz

Düsseldorf-Benrath
1968

Duisburg
1909 (1883)
with sub-branches
Hochfeld
Lutherplatz
Marxloh
Meiderich
Wanheimerort

Duisburg-Hamborn
1958

Duisburg-Homberg
1969

Duisburg-Rheinhausen
1961

Duisburg-Ruhrort
1960

Duisburg-Walsum
1965 (1954)

Eckernförde
1960

Ehingen (Danube)
1980

Einbeck
1969

Eislingen
1975

Elmshorn
1953

Emden
1920
with sub-branch
Rathausplatz

Emmendingen
1978

Emmerich
1965 (1951)
with paying office
Elten

Emsdetten
1970

Enger
1967

Ennepetal
1965

Erkelenz
1967

Erkrath
1967

Erlangen
1972

Eschborn
1975

Eschwege
1908 (1830)

Eschweiler
1968

Essen
1907 (1898)
with sub-branches
Altenessen
Borbeck
Bredeney
Essen-Süd
Essen-West
Holsterhausen
Kray
Kupferdreh
Rüttenscheid
Steele
Viehofer Platz
Wasserturm

Essen-Kettwig
1974

Esslingen
1965

Ettlingen
1967

Euskirchen
1960

Fellbach (Wuertt.)
1960

Flensburg
1955
with sub-branches
Industriegebiet
(industrial estate)
Mürwik
Südermarkt

Frankenthal (Palatinate)
1963

Frankfurt
1856
with sub-branches
Adickesallee
Alt-Bornheim
Am Eschenheimer Tor
Am Opernplatz
Bockenheim
Bornheim
Dornbusch
Flughafen *(airport)*
Galluswarte
Hanauer Landstrasse
Hauptwache
Kaiserstrasse
Oederweg
Platz der Republik
Rödelheim
Römerberg
(paying office)
Sachsenhausen
Schwanheim
Wächtersbacher
Strasse
Zeil

Frankfurt-Höchst
1899

Frechen
1960

Freiburg (Breisgau)
1960
with sub-branch
Rathausgasse

Freilassing
1980

Freudenstadt
1980

Friedberg (Hesse)
1929

Friedrichshafen
1967

Fürstenfeldbruck
1987

Fürth (Bavaria)
1899 (1872)
with sub-branches
Komotauer Strasse
Waldstrasse

Fulda
1954

Gaggenau*
1987

Garbsen
1965

Garmisch-
Partenkirchen
1969

Geesthacht
1974

Geislingen (Steige)
1974

Gelsenkirchen
1918 (1906)
with sub-branches
Am Stern
Erle
Horst
Neustadt

Gelsenkirchen-Buer
1920

Gevelsberg
1912
with sub-branch
Zentrum
(downtown)

Giessen
1906

Gifhorn
1961

Gladbeck
1960

Glinde
1970

* to be opened shortly

Glückstadt
1968

Goch
1967

Göppingen
1959

Göttingen
1923 (1850)
with sub-branches
Eichendorffplatz
Weende

Goslar
1929 (1907)

Greven (Westphalia)
1961

Grevenbroich
1960

Gross Gerau
1968

Gütersloh
1965

Gummersbach
1919 (1870)

Haan (Rhineland)
1967

Hagen
1900 (1858)
with sub-branches
Elsey
Haspe
Mittelstrasse
Wehringhausen

Hagen-Hohenlimburg
1954

Haltern (Westphalia)
1974

Halver
1959

Hamburg
1870
with sub-branches
Altstadt
Am Hafen
Barmbek
Billstedt
Blankenese
Bramfeld
Dehnhaide
Eidelstedt
Eilbek
Eimsbüttel
Eppendorf
Esplanade
Freihafen *(free port)*
Fuhlsbüttel
Gänsemarkt
Geschäftsstadt Nord
Grindelberg
Hamm
Hammerbrook
Hoheluft
Lokstedt
Lurup
Messberg
Mittelweg
Mundsburg
Neugraben
Osdorf
Osterstrasse
Othmarschen
Rahlstedt
Rothenburgsort
St. Georg
St. Pauli
Schnelsen
Uhlenhorst
Volksdorf
Wandsbek
Wilhelmsburg
Winterhude

Hamburg-Altona
1910 (1872)

Hamburg-Bergedorf
1953

Hamburg-Harburg
1922

Hameln
1960

Hamm (Westphalia)
1904
with sub-branch
Marktplatz

Hanau
1909
with sub-branch
Grossauheim

Hannover *(Hanover)*
1907 (1826)
with sub-branches
Am Klagesmarkt
Am Kröpcke
Am Küchengarten
Am Steintor
Buchholz
Herrenhausen
Kirchrode
Lister Meile
Misburg
Sallstrasse
Südstadt
Vahrenwald
Vier Grenzen
Wülfel

Heide (Holstein)
1961

Heidelberg
1963
with sub-branches
Innenstadt
Neuenheim

Heidenheim (Brenz)
1954

Heilbronn
1965

Heiligenhaus
1959

Helmstedt
1951
with sub-branch
Gröpern

Hemer
1968

Hemmingen
1965

Hennef (Sieg)
1966

Herford
1920 (1873)
with sub-branch
Alter Markt

Herne
1958

Herne-Wanne
1918 (1906)
with sub-branch
Eickel

Herten
1961

Herten-Westerholt
1968

Herzberg
1965

Herzogenrath
1975

Hilden
1919

Hildesheim
1929
with sub-branches
Dammstrasse
Marienburger Platz
Zingel

Hockenheim
1973

Hof (Saale)
1968

Hofheim (Taunus)
1967

Holzminden
1923 (1884)

Hoya (Weser)
1954 (1927)

Husum
1959

Ibbenbüren
1971

Idar-Oberstein
1963
with sub-branch
Idar

Idstein (Taunus)
1975

Ingelheim
1973

Ingolstadt
1963
with sub-branch
Ingolstadt-Nord

Iserlohn
1905 (1838)
with sub-branch
Schillerplatz

Iserlohn-Letmathe
1969

Itzehoe
1966

Jülich
1971

Kaarst
1980

Kaiserslautern
1961

Kaltenkirchen
1970

Kamen
1962

Kamp-Lintfort
1967

Karlsruhe
1953
with sub-branches
Am Mühlburger Tor
Durlach
Mühlburg

Kassel
1908 (1881)
with sub-branches
Bettenhausen
Friedrich-Ebert-Strasse

Kaufbeuren
1967
with sub-branch
Neugablonz

Kelkheim (Taunus)
1968

Kempen (Lower Rhine)
1961

Kempten
1973

Kiel
1905
with sub-branches
Arndtplatz
Gaarden
Holtenauer Strasse Nord
Holtenauer Strasse Süd
Kirchhofallee
Wellingdorf

Kirchheim (Teck)
1968

Kirn (Nahe)
1968

Kleve
1918 (1889)

Koblenz
1961
with sub-branch
Bahnhofsplatz

Köln *(Cologne)*
1907 (1869)
with sub-branches
Barbarossaplatz
Braunsfeld
Chlodwigplatz
Ehrenfeld
Hohenzollernring
Hohe Strasse
Kalk
Lindenthal
Neumarkt
Neusser Strasse
Rodenkirchen
Sülz
Weidenpesch
Zollstock

Köln-Mülheim
1962

Königstein (Taunus)
1974

Konstanz
(Constance)
1961
with sub-branch
Petershausen

Korbach
1967

Krefeld
1905 (1859)
with sub-branches
Hochstrasse
Ostwall

Krefeld-Hüls
1968

Krefeld-Uerdingen
1959

Kreuztal
1959

Kulmbach
1974

Laatzen (Hanover)
1965

Lahr
1968

Landau (Palatinate)
1968

Landshut
1967

Langen (Hesse)
1967

Langenfeld (Rhineland)
1962

Langenhagen
1965

Lauf
1976

Leer (East Friesland)
1962

Lehrte (Hanover)
1961

Leichlingen
1969

Lemgo
1954

Lennestadt
1960

Leonberg
1965

Leverkusen
1958

Limburg (Lahn)
1957

Lingen (Ems)
1960

Lippstadt
1961

Lörrach (Baden)
1962

Lohne
1973

Ludwigsburg
1958

Ludwigshafen (Rhine)
1960

Lübbecke
1966

Lübeck
1918 (1862)
with sub-branches
Am Schlachthof
Fackenburger Allee
Geniner Strasse
Marli

Lübeck-Travemünde
1961
with paying office
Skandinavienkai

Lüchow
1968 (1870)

Lüdenscheid
1905 (1869)
with paying office
Brüninghausen

Lüdinghausen
1968

Lüneburg
1959

Lünen
1958

Maintal-Dörnigheim
1973

Mainz
1914 (1890)
with sub-branches
Am Dom
Rheinallee

Mainz-Kastel
1929 (1920)

Mannheim
1921
with sub-branches
Käfertal
Kaiserring
Lindenhof
Neckarau
Neckarstadt
Sandhofen
Waldhof

Marburg (Lahn)
1906

Marl-Hüls
1955

Mayen
1954

Meerbusch-Büderich
1968

Meerbusch-Osterath
1969

Memmingen
1969

Menden
1972

Meppen
1961

Meschede
1971

Mettmann
1962

Metzingen
1974

Minden
1968

Mölln
1982

Mönchengladbach
1898 (1871)
with sub-branches
Hauptbahnhof
(main station)
Headquarters
Rheindahlen

Mönchengladbach-Rheydt
1905
with sub-branch
Odenkirchen

Moers
1959

Mühldorf (Inn)
1968

Mühlheim (Main)
1967

Mülheim (Ruhr)
1918 (1861)
with sub-branch
Speldorf

München *(Munich)*
1910 (1876)
with sub-branches
Asamhof
Augustenstrasse
Baldeplatz
Berg-am-Laim
Fraunhoferstrasse
Grosshadern
Hauptbahnhof
(main station)/
Marsstrasse
Herkomerplatz
Hohenzollernstrasse
Ingolstädter Strasse
Laim
Leopoldstrasse
Lerchenauer Strasse
Lindwurmstrasse
MAN-Allach
Moosach
Nymphenburger
Strasse
Pasing
Reichenbachplatz
Riesenfeldstrasse
Rosenheimer Platz
Rotkreuzplatz
Schwanthalerstrasse
Thalkirchner Strasse
Thomasiusplatz

Münster (Westphalia)
1919
with sub-branches
Hammer Strasse
Hansaring
Karstadt building
Warendorfer Strasse

Nettetal-Lobberich
1960

Neuburg (Danube)
1976

Neuenkirchen
(near Rheine)
1968

Neuenrade
1967

Neu-Isenburg
1919

Neumünster
1907

Neuss
1952
with sub-branch
Dreikönigenstrasse

Neustadt (Holstein)
1974

Neustadt (Weinstrasse)
1961

Neu-Ulm
1967

Neuwied
1960

Niebüll
1966

Nienburg (Weser)
1954 (1938)

Norden
1966

Nordenham
1921 (1907)

Norderstedt
1962

Nordhorn
1953

Northeim (Hanover)
1960

Nürnberg *(Nuremberg)*
1899 (1872)
with sub-branches
Friedrich-Ebert-Platz
Gibitzenhof
Königstrasse
Kopernikusplatz
Langwasser
Plärrer
Schweinau
Stresemannplatz

Oberhausen
1918 (1896)
with sub-branch
Buschhausen

Oberhausen-Sterkrade
1960

Obertshausen
1967

Oberursel (Taunus)
1968

Oelde
1976

Oer-Erkenschwick
1969

Offenbach (Main)
1904
with sub-branches
Sprendlinger
Landstrasse
Waldstrasse

Offenburg
1968

Oldenburg (Oldenb.)
1920

Olpe
1968

Olsberg
1965

Opladen
1961

Osnabrück
1906
with sub-branches
Bramscher Strasse
Johannisstrasse
Lotter Strasse

Osterholz-Scharmbeck
1966

Osterode (Harz)
1929 (1872)

Ottobrunn
1979

Paderborn
1909 (1881)
with sub-branch
Schloss Neuhaus

Papenburg
1967

Passau
1968

Peine
1921 (1900)

Pforzheim
1960

Pfungstadt
1969

Pinneberg
1957

Pirmasens
1955 (1908)

Plettenberg
1921

Pulheim
1980

Pullach
1969

Quickborn (Holstein)
1975

Radevormwald
1965

Rastatt
1962

Ratingen
1967

Ratingen-Lintorf
1974

Ravensburg
1971

Recklinghausen
1919 (1904)
with sub-branch
Recklinghausen-Süd

Rees
1965 (1962)

Regensburg
1965

Reinbek (near Hamburg)
1959

Remscheid
1903 (1898)
with sub-branches
Alleestrasse
Handweiser
Hasten

Remscheid-Lennep
1961

Remscheid-
Lüttringhausen
1961

Rendsburg
1960

Reutlingen
1954 (1930)

Rheda-Wiedenbrück
1959
with sub-branch
Berliner Strasse

Rhede (near Bocholt)
1968

Rheine
1921

Rheinfelden
1975

Rietberg
1968

Rosenheim
1972

Rotenburg (Wümme)
1976

Rottweil
1974

Rüdesheim
1968

Rüsselsheim
1965

Saarburg (near Trier)
1967

Salzgitter-Lebenstedt
1958

St. Georgen
1976

Sarstedt
1962

Schleswig
1962

Schneverdingen
1970

Schöningen
1960

Schorndorf
1977

Schwabach
1967

Schwäbisch Gmünd
1968

Schwalbach (Taunus)
1974

Schweinfurt
1963

Schwelm
1951

Schwerte (Ruhr)
1959 (1928)

Schwetzingen
1969

Siegburg
1960

Siegen
1919
with sub-branches
Eiserfeld
Kaan-Marienborn
Weidenau

Simmerath
1982

Sindelfingen
1962

Singen (Hohentwiel)
1967

Sinsheim
1969

Soest
1961

Solingen
1903 (1900)
with sub-branch
Höhscheid

Solingen-Ohligs
1903 (1899)

Solingen-Wald
1960

Speyer
1975

Sprockhövel
1967

Stade
1954 (1920)

Stadtallendorf
1967

Steinhagen
1965

Stolberg
1920

Straubing
1966

Stuttgart
1919 (1885)
with sub-branches
Degerloch
Feuerbach
Marienplatz
Ostendplatz
Rosenbergplatz
Rotebühlplatz
Schloss-Strasse
Untertürkheim
Vaihingen a. F.
Wangen
Weilimdorf
Zuffenhausen

Stuttgart-Bad Cannstatt
1956

Trier
1959

Troisdorf
1965

Tübingen
1958

Tuttlingen
1975

Uelzen
1919

Uetersen (Holstein)
1961

Ulm (Danube)
1963

Unna
1959

Unterföhring
(near Munich)
1967

Varel (Oldenb.)
1961

Vechta
1961

Velbert
1919 (1880)

Velbert-Langenberg
1953

Verden (Aller)
1970

Versmold
1962

Viernheim
1973

Viersen
1954

Viersen-Dülken
1968

VS-Schwenningen
1969

VS-Villingen
1969

Voerde-Friedrichsfeld
1965 (1959)

Wahlstedt
1973

Waldbröl
1968

Waldkraiburg
1971

Walsrode
1961

Warburg
1917 (1896)

Wedel (Holstein)
1955

Wegberg
1974

Weiden
(Upper Palatinate)
1969

Weil (Rhine)
1970

Weinheim
(Bergstrasse)
1961

Werdohl
1923

Wermelskirchen
1909 (1893)

Wertheim
1979

Wesel
1965 (1920)

Wesseling
1967

Westerland (Sylt)
1961

Wetter-Wengern (Ruhr)
1970

Wetzlar
1906

Weyhe-Kirchweyhe
1954 (1923)

Weyhe-Leeste
1954 (1928)

Wiehl (Cologne district)
1962

Wiesbaden
1898 (1860)
with sub-branches
Biebrich
Bismarckring
Kirchgasse
Rheinstrasse

Wildeshausen
1974

Wilhelmshaven
1954
with sub-branch
Gökerstrasse

Winsen (Luhe)
1970

Wipperfürth
1975

Wissen (Sieg)
1967

Witten
1921

Wolfenbüttel
1967

Wolfsburg
1958
with sub-branches
Detmerode
Kästorf
Tiergartenbreite

Worms
1928

Würselen
1969

Würzburg
1961

Wunstorf
1961

Wuppertal
1911 (1754)
with sub-branches
Cronenberg
Friedrich-Ebert-Strasse
Langerfeld
Oberbarmen
Ronsdorf
Unterbarmen
Vohwinkel
Wichlinghausen

Wuppertal-Barmen
1867 (1810)
with sub-branch
Werth

Xanten
1965

Zirndorf
1970

Bonn Liaison Office:
124-132 Reuterstrasse
(Bonn Centre)
D-5300 Bonn

Foreign Branches

Belgium

Commerzbank Aktiengesellschaft
Succursale de Bruxelles
Managers: Werner Neunkirch,
Andreas Schmidt
19 H Avenue des Arts
B-1040 Brussels (Belgium)

Commerzbank Aktiengesellschaft
Bijhuis Antwerpen
Manager: André Bosmans
65 Frankrijklei
B-2000 Antwerp (Belgium)

France

Commerzbank Aktiengesellschaft
Succursale de Paris
Managers: Hansjörg Braun,
Dr. Alexander Himmighoffen
3 Place de l'Opéra
F-75002 Paris (France)

Hong Kong

Commerzbank Aktiengesellschaft
Hong Kong Branch
Managers: Dieter Billmeier, Wolfgang Rohde
21st floor, The Hong Kong Club Building
3a Chater Road
Hong Kong

Japan

Commerzbank Aktiengesellschaft
Tokyo Branch
Managers: Hans Dieter Brammer,
Folker Streib
Nippon Press Centre Building
2-2-1 Uchisaiwai-cho, Chiyoda-ku
Tokyo 100-91 (Japan)

Commerzbank Aktiengesellschaft
Osaka Office
Manager: Migaku Takawa
Nichimen Building
2-2-2 Nakanoshima, Kita-ku
Osaka (Japan)

Spain

Commerzbank Aktiengesellschaft
Sucursal en España
Managers: Dr. Dieter Joswig,
Wilhelm Zeise
141 Paseo de la Castellana
Edificio Cuzco IV
E-28046 Madrid (Spain)

Commerzbank Aktiengesellschaft
Sucursal en España
Oficina de Barcelona
Managers: Reimer Kölln, Guenter Lessenich
357/359 Consejo de Ciento
E-08007 Barcelona (Spain)

United Kingdom

Commerzbank Aktiengesellschaft
London Branch
Managers: Karl J. Anselmino, Gottfried O. Bruder
10-11 Austin Friars
London EC2N2HE (England)

USA

Commerzbank Aktiengesellschaft
New York Branch
Managers: Klaas Peter Jacobs,
Klaus Manfred Patig, Albrecht O. Staerker
55 Broad Street
New York, NY 10004-2552 (USA)

Commerzbank Aktiengesellschaft
Chicago Branch
Managers: Hermann Bürger,
Michael W. Kelly
55 East Monroe Street, Suite 4640
Chicago, IL 60603 (USA)

Commerzbank Aktiengesellschaft
Atlanta Agency
Manager: Norbert Nusch
1360 Peachtree Street, N.E., Suite 1720
Atlanta, GA 30309 (USA)

Commerzbank Aktiengesellschaft
Los Angeles Branch
Manager: Helmut M. Weidenbach
707 Wilshire Boulevard, Suite 3627
Los Angeles, CA 90017 (USA)

Subsidiaries and Related Banks

(Majority holdings)

Domestic Holdings

BERLINER COMMERZBANK AG
Head Office and Main Branch:
125 Potsdamer Strasse
D-1000 Berlin 30

Sub-branches:

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

RHEINHYP RHEINISCHE HYPOTHEKENBANK AG
Frankfurt · Cologne · Mannheim
Head Office:
3 Taunustor, D-6000 Frankfurt

COMMERZ-CREDIT-BANK AKTIENGESELLSCHAFT EUROPARTNER
4 Faktoreistrasse, D-6600 Saarbrücken,
with 8 branch offices in Saarland.

VON DER HEYDT-KERSTEN & SÖHNE
7/9 Neumarkt, D-5600 Wuppertal-Elberfeld

Ilseder Bank, Sandow & Co.
28 Braunschweiger Strasse, D-3150 Peine

COMMERZ- UND INDUSTRIE-LEASING GMBH
1 Neue Mainzer Strasse, D-6000 Frankfurt

COMMERZBANK INVESTMENT MANAGEMENT GESELLSCHAFT MBH
25 Breite Strasse, D-4000 Düsseldorf

Foreign Holdings

COMMERZBANK INTERNATIONAL S.A.
11 rue Notre-Dame
L-2013 Luxembourg

COMMERZBANK (NEDERLAND) N.V.
571-573 Herengracht
NL-1017 CD Amsterdam,
with branch office at Rotterdam:
6 Westblaak, NL-3012 KK Rotterdam

COMMERZBANK (SOUTH EAST ASIA) LTD.
DBS Building
6 Shenton Way 40-00
Singapore 0106

COMMERZBANK (SWITZERLAND) LTD
7 Lintheschergasse
CH-8023 Zurich 1

Representative Offices Abroad

Argentina, Chile, Paraguay, Uruguay

Karl-Lutz Ammann
Representante del Commerzbank AG
456 Avenida Corrientes, Depto. 73
1366 Buenos Aires (Argentina)

Australia, New Zealand

Representative Office
for Australia and New Zealand
Werner Menges
MLC Centre, Suite 5508
19-29 Martin Place
Sydney, N.S.W. 2000
G.P.O. Box 5358
Sydney, N.S.W. 2001 (Australia)

Brazil

Commerzbank São Paulo Serviços Ltda.
Arno Noellenburg
1208 Rua Pedrosa Alvarenga, 16° andar
04531 São Paulo-SP (Brazil)

Commerzbank Rio de Janeiro Serviços Ltda.
Dr. Peter Hennig
123 Avenida Rio Branco, conj. 706
Caixa Postal 910-ZC-00
20040 Rio de Janeiro-RJ (Brazil)

Canada

Representative Office for Canada
Robert Bräunig
Royal Bank Plaza, South Tower, Suite 2585
Post Office Box 191
Toronto, Ontario M5J 2J4 (Canada)

China (People's Republic)

Representative Office Beijing (Peking)
Wolffhart Auer v. Herrenkirchen
8-4 Citic International Building, 8th floor
19 Jian Guo Men Wai Da Jie
Beijing (People's Republic of China)

Denmark, Norway, Sweden, Finland, Iceland

Representative Office
for the Nordic Countries
Wilfried A. Reschke
4 Rådhuspladsen
DK-1550 Copenhagen V (Denmark)

Egypt, Sudan, Ethiopia

Representative Office Cairo
Claus-Dieter Pollmann
2 Aly Labib Gabr Street (ex: Behler)
Post Office Box 1944
Cairo (A.R.E./Egypt)

Indonesia

Representative Office for Indonesia
Gottfried Bär
Panin Center Building, 4th floor
Jalan Jendral Sudirman
Jakarta 10270 (Indonesia)

Iran

Representative Office Tehran
Norbert Gies
13/69 Avenue Karim Khan Zand
Tehran 15 (Iran)

Japan

Representative Office Tokyo
Kiyoshi Arai, Gerhard P. Mercker
No. 20 Mori Building, 6th floor
2-7-4 Nishi Shinbashi, Minato-ku
Tokyo 105 (Japan)

Mexico, Central America, Caribbean Islands

Representación en México
Heinz-Ulrich Baertges
390-1304 Paseo de la Reforma
06600 Mexico City (Mexico)
Apartado Postal 5-789
06500 México, D.F. (Mexico)

Middle East

Representative Office Bahrain
Robert Firbas v. Harryegg
Salahuddin Building, Suite 301
Post Office Box 5400
Manama (Bahrain)

Southern Africa

Representative Office Johannesburg
Götz A. Hagemann
1202 Standard Bank Centre
78 Fox Street
Johannesburg 2001
Post Office Box 61219
Marshalltown 2107, Transvaal
(Republic of South Africa)

USSR

Representative Office Moscow
Harald Dürkop
4 Pereulok Sadovskikh
4th floor, Office No. 9
Moscow 103 001 (USSR)

Venezuela, Colombia

Rainer Goischke
Representante del Commerzbank AG
Edificio Plaza el Venezolano
25y27 Chorro a Dr. Paul, Piso 5, Oficina C
Apartado de Correos 5074
Caracas 1010 A (Venezuela)

Holdings in Foreign Financial Institutions and in Other Companies Abroad*)

Belgium
- S.W.I.F.T. Society for Worldwide Interbank Financial Telecommunication s.c., Brussels

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

Egypt
- Misr International Bank S.A.E., Cairo

Hong Kong/Japan
- Commerz Securities (Japan) Company Ltd. Hong Kong/Tokyo

Indonesia
- P.T. Finconesia Financial Corporation of Indonesia, Jakarta

Luxembourg
- Commerzbank International S.A., Luxembourg
- Europartners Holding S.A., Luxembourg
- Handelsgest S.A.R.L., Luxembourg
- Indugest S.A.R.L., Luxembourg
- The International Investment Corporation for Yugoslavia S.A., Luxembourg
- Société de Gestion du Rominvest International Fund S.A., Luxembourg
- UBAE Arab German Bank S.A., Luxembourg/Frankfurt

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

Netherlands
- CB Finance Company B.V., Amsterdam
- Commerzbank (Nederland) N.V., Amsterdam

Netherlands Antilles
- Commerzbank Overseas Finance N.V., Curaçao

Singapore
- Commerzbank (South East Asia) Ltd., Singapore
- The Development Bank of Singapore Ltd., Singapore

South Korea
- Korea International Merchant Bank, Seoul

Spain
- Banco Hispano Americano S.A., Madrid

Switzerland
- Commerzbank (Switzerland) Ltd, Zurich
- Finance Company VIKING, Zurich

Thailand
- Mithai Europartners Finance and Securities Company Ltd., Bangkok

United Kingdom
- International Commercial Bank PLC, London

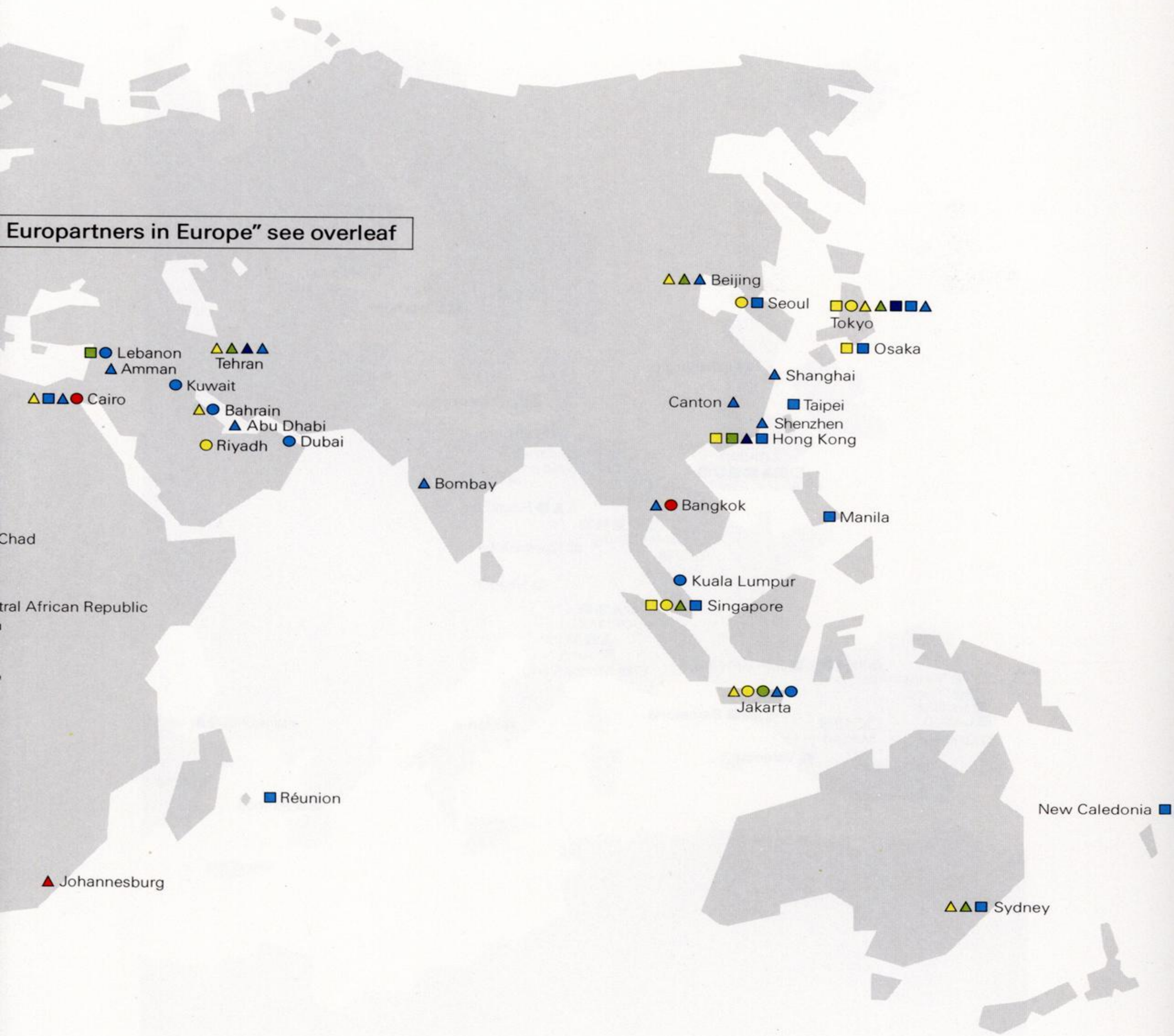
USA
- Commerzbank U.S. Finance, Inc., Wilmington/Del.
- EuroPartners Securities Corporation, New York

*) A graph on pages 86/87 states the equity of these companies and Commerzbank's stake in each of them.

The International Presence of the Europartners

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

The Europartners Overseas



Europartners in Europe" see overleaf
Beijing
Seoul
Tokyo
Osaka
Lebanon
Amman
Tehran
Kuwait
Cairo
Bahrain
Abu Dhabi
Riyadh
Dubai
Shanghai
Canton
Taipei
Shenzhen
Hong Kong
Bombay
Bangkok
Manila
Chad
Kuala Lumpur
tral African Republic
Singapore
Jakarta
Réunion
New Caledonia
Johannesburg
Sydney

The Europartners in Europe*)

*) domestic outlets not included.

Europartners Highlights[1]

BANCO DI ROMA

	Mid-1986	Mid-1985	Change
Balance Sheet Total	Lire 53,169 billion	Lire 50,481 billion	+ 5.3%
Deposits	Lire 43,927 billion	Lire 41,252 billion	+ 6.5%
Capital and Reserves	Lire 1,743 billion	Lire 1,359 billion	+28.3%
Branches	351	350	+ 0.3%
Number of Accounts	1,326,600	1,216,300	+ 9.1%
Staff	14,262	14,467	− 1.4%

BANCO HISPANO AMERICANO

	Year-end, 1986[2])	Year-end, 1985	Change
Balance Sheet Total	Ptas 2,110 billion	Ptas 2,041 billion	+ 3.4%
Deposits	Ptas 1,809 billion	Ptas 1,797 billion	+ 0.7%
Capital and Reserves	Ptas 113 billion	Ptas 84 billion	+34.5%
Branches	1,429	1,449	− 1.4%
Number of Accounts	3,446,400	3,447,300	− 0.1%
Staff	15,342	15,776	− 2.8%

COMMERZBANK

	Year-end, 1986	Year-end, 1985	Change
Balance Sheet Total	DM 90,807 million	DM 82,607 million	+ 9.9%
Deposits	DM 84,102 million	DM 77,204 million	+ 8.9%
Capital and Reserves	DM 4,297 million	DM 3,336 million	+28.8%
Branches	792	793	− 0.1%
Customers	2,428,100	2,338,300	+ 3.8%
Staff	23,276	21,922	+ 6.2%

CREDIT LYONNAIS

	Year-end, 1986[2])	Year-end, 1985	Change
Balance Sheet Total	Ffr 773,202 million	Ffr 777,318 million	− 0.5%
Deposits	Ffr 677,096 million	Ffr 679,186 million	− 0.3%
Capital and Reserves	Ffr 14,561 million	Ffr 10,002 million	+45.6%
Branches	2,508	2,534	− 1.0%
Customers	4,432,500	4,289,400	+ 3.3%
Staff	45,169	45,620	− 1.0%

The Group[3]

	Year-end, 1986[4])	Year-end, 1985[4])	Change
Balance Sheets Sum Total	DM 432,750 million	DM 447,782 million	− 3.4%
Deposits	DM 379,138 million	DM 392,015 million	− 3.3%
Capital and Reserves	DM 12,898 million	DM 10,072 million	+28.1%
Branches	5,080	5,126	− 0.9%
Staff	98,049	97,785	+ 0.3%

[1]) parent banks only;
[2]) provisional;
[3]) conversion made according to the official Frankfurt middle rates of the respective closing days;
[4]) Banco di Roma: mid-year figures.

EUROPARTNERS: BANCO DI ROMA · BANCO HISPANO AMERICANO · COMMERZBANK · CREDIT LYONNAIS