





## COMMERZBANK HIGHLIGHTS

### Group

in DM m. at year-end

	1989	1988
<b>Assets</b>		
Cash reserves	5,587	4,550
Cheques, collection items	412	284
Bills of exchange	1,021	3,040
Claims on banks	57,686	51,146
Treasury bills	1,178	1,457
Bonds and notes	11,882	12,577
Shares	1,208	1,334
Loans and advances to customers	105,547	98,920
a) at agreed periods of less than four years	(37,069)	(34,135)
b) at agreed periods of four years or more	(68,478)	(64,785)
Investments	2,396	1,951
Land and buildings	923	874
Other assets	3,714	4,267
<b>Total Assets</b>	<b>191,554</b>	<b>180,400</b>
<b>Net income for the year</b>	<b>564</b>	<b>489</b>

Branches	897	888
Customers	3,107,200	2,968,400
Staff	27,631	27,320

in DM m. at year-end

	1989	1988
<b>Liabilities and Shareholders' Equity</b>		
Liabilities to banks	49,734	51,496
Customers' deposits	85,037	73,857
a) demand deposits	(20,070)	(15,688)
b) time deposits	(49,654)	(43,358)
c) savings deposits	(15,313)	(14,811)
Bonds outstanding	44,898	44,119
Other liabilities	4,978	4,982
Capital and reserves <sup>1)</sup>	6,456	5,578
a) subscribed capital	(1,253)	(1,131)
b) reserves	(3,595)	(3,240)
c) profit-sharing certificates outstanding	(705)	(425)
d) reserve arising from consolidation <sup>2)</sup>	(860)	(732)
e) minority interests <sup>3)</sup>	(43)	(50)
Consolidated profit	451	368
<b>Total Liabilities and Shareholders' Equity</b>	<b>191,554</b>	<b>180,400</b>
Endorsement liabilities	2,287	1,991
<b>Business volume</b>	<b>193,841</b>	<b>182,391</b>
Guarantees	15,104	12,509

### Parent Bank<sup>4)</sup>

at year-end	1989	1988
Total assets	DM125,034m	DM115,256m
Total lending	DM 72,585m	DM 67,928m
Capital and reserves	DM 5,273m	DM 4,796m
Dividend paid per DM50 nominal share	DM9.00	DM9.00
Tax credit (in addition to cash dividend)	DM5.06	DM5.06

<sup>1)</sup> 1989: DM6,572m (1988: DM5,647m) after allocation of funds decided upon at 1990 (1989) AGMs of consolidated companies;

<sup>2)</sup> in accordance with Section 331 (1) 3 of the German Stock Corporation Act – AktG (former version, valid up to Dec. 31, 1986);

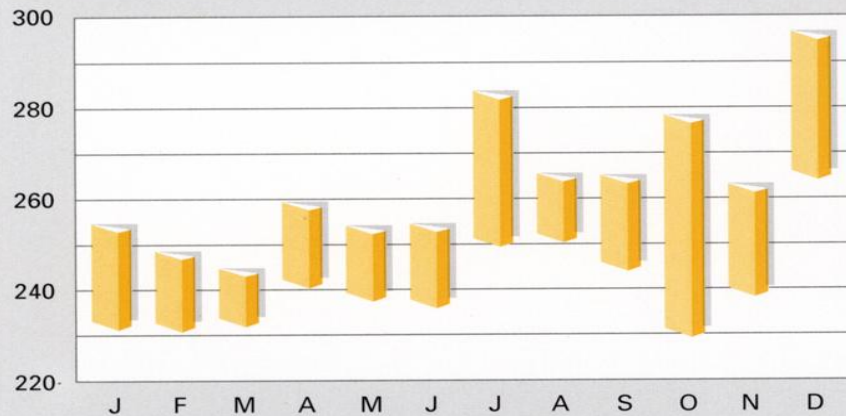
<sup>3)</sup> excluding attributable share of profits;

<sup>4)</sup> for Parent Bank's complete Annual Accounts see pages 50 to 53.



## Performance of the Commerzbank share in 1989

monthly highs and lows, in DM



Frankfurt stock exchange mid-session spot quotations for DM50 nominal share

### Quotation of Commerzbank's shares

Our 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, Berne, Geneva, Lausanne, Zurich (since 1973)
United Kingdom	London (since 1962)
USA	Sponsored ADR program (since 1989)

### Highlights of Commerzbank's history

1870:  
Founded as "Commerz- und Disconto-Bank in Hamburg", Hamburg.

January 1, 1952:  
Balance sheet date for first DM accounts to be published by the Bank'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.







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## Headquarters

### Frankfurt

Neue Mainzer Strasse 32-36  
D-6000 Frankfurt/Main 1  
Telephone (069) 13620  
Telex 4152530  
Telefax (069) 285389

### Düsseldorf

Breite Strasse 25  
D-4000 Düsseldorf  
Telephone (0211) 8270  
Telex 8581381  
Telefax (0211) 8272750

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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).

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## To our shareholders

At DM225m, the dividend payment to our shareholders in respect of the 1989 business year has reached a new record high. The Bank's successful course is underlined in particular by the development of its partial operating result, which rose by 19% to DM804m at the Parent Bank. This provides the best indication that the dynamic growth of the past few years has continued to be earnings-oriented.

However, the trend for interest rates in the financial markets has prevented a repeat of the previous year's strong profits on own-account securities and foreign-exchange dealings. At the same time, it had an adverse effect on our extraordinary account, which nonetheless registered substantial realized gains on securities and trade investments. If, as we expect, the highly adverse factors do not recur in the current year – despite the recent upsets in the capital market – it would also be possible, as part of our medium-term dividend policy, to have our shareholders participate to a greater extent in the Bank's success.

A central point of our Group strategy continues to be our equity capital policy. In order to meet the challenges which the global financial market presents to internationally active banks, we need a sound equity base. This also holds true with regard to the dynamic changes in both Eastern and Western Europe.

We are proposing to our AGM that we create scope for an active equity capital strategy. Our shareholders are being asked to authorize the Bank's Board of Managing Directors to make flexible use of the opportunities to raise capital in the German and international markets, while respecting the interests of existing shareholders. In concrete terms, we are thinking of share placements prior to bourse

introductions of the Commerzbank stock in Madrid and Milan, as well as the possibility of widening our circle of international shareholders in financial centres where the Bank's stock is already listed.

In addition, we are pursuing our policy of establishing capital link-ups with close partners, as we have already practised with success in the case of Banco Hispano Americano. Capital increases have also proved a viable method for making available shares to our staff at a preferential price, which we have done for the past 24 years.

This year, we invite shareholders to the "Alte Oper" in Frankfurt for our Annual General Meeting on May 18. For almost twenty years, our Bank's head office has also been located in this city which has developed into a leading international financial centre. Now that Frankfurt has become our official base for tax purposes, it seems only logical to transfer our legal seat to Frankfurt as well – without, of course, relinquishing traditional ties. In this way, we are demonstrating that we are convinced of this city's future as a European financial centre.

March 1990



Chairman of the Board  
of Managing Directors



Chairman of the  
Supervisory Board





The "Alte Oper"  
in Frankfurt/Main



## BUSINESS PROGRESS

### Business Progress of Commerzbank Group, 1968-1989

	Total assets DM bn	Total lending DM bn	Savings deposits, savings bonds DM m	Taxes paid DM m	Allocation to reserves from profit <sup>1)</sup> DM m	Capital and reserves <sup>1)</sup> DM m	Staff	Branches
<b>31-12-1968</b>	<b>16.5</b>	<b>10.6</b>	<b>3,838</b>	<b>64.9</b>	<b>31.5</b>	<b>676</b>	<b>14,689</b>	<b>691</b>
<b>31-12-1973</b>	<b>39.1</b>	<b>26.4</b>	<b>6,091</b>	<b>76.7</b>	<b>18.0</b>	<b>1,284</b>	<b>18,187</b>	<b>826</b>
<b>31-12-1978</b>	<b>88.0</b>	<b>57.6</b>	<b>11,097</b>	<b>247.3</b>	<b>99.5</b>	<b>2,370</b>	<b>20,982</b>	<b>875</b>
<b>31-12-1979</b>	<b>100.3</b>	<b>68.1</b>	<b>11,670</b>	<b>189.7</b>	<b>40.1</b>	<b>2,744</b>	<b>21,656</b>	<b>885</b>
31-12-1980	100.0	73.1	11,793	104.8	32.5	2,784	21,487	880
31-12-1981	101.3	75.4	11,638	102.5	25.3	2,766	21,130	878
31-12-1982	108.2	81.7	12,400	169.7	85.7	2,770	21,393	877
31-12-1983	113.2	84.6	12,984	237.3	121.8	2,917	22,047	884
31-12-1984	122.7	90.3	14,441	275.4	152.3	3,143	22,801	882
31-12-1985	137.2	94.4	15,279	321.6	175.0	3,860 <sup>2)</sup>	24,154	882
31-12-1986	148.2	102.7	17,427	330.6	156.9	4,908 <sup>2)</sup>	25,653	881
31-12-1987	161.7	109.0	18,567	328.5	175.6	5,078 <sup>2)</sup>	26,640	882
31-12-1988	180.4	120.6	18,075	376.3	235.0	5,647 <sup>2)</sup>	27,320	888
<b>31-12-1989</b>	<b>191.6</b>	<b>126.5</b>	<b>18,484</b>	<b>493.7</b>	<b>281.0</b>	<b>6,572<sup>2)</sup></b>	<b>27,631</b>	<b>897</b>

### Business Progress of Parent Bank, 1952-1989

	Total assets DM bn	Total lending DM bn	Savings deposits, savings bonds DM m	Taxes paid DM m	Annual dividend DM per share	Total amount of dividend paid DM m	Allocation to reserves from profit DM m	Capital and reserves DM m	Staff <sup>4)</sup>	Branches
<b>1- 1-1952</b>	<b>1.6</b>	<b>1.3</b>	<b>75</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55</b>	<b>4,812</b>	<b>108</b>
<b>31-12-1954</b>	<b>3.2</b>	<b>2.5</b>	<b>324</b>	<b>20.7</b>	<b>4.50</b>	<b>5.8</b>	<b>6.2</b>	<b>101</b>	<b>6,651</b>	<b>139</b>
<b>31-12-1959</b>	<b>6.4</b>	<b>4.0</b>	<b>789</b>	<b>57.9</b>	<b>7.00+1.00</b>	<b>25.2</b>	<b>25.0</b>	<b>338</b>	<b>8,371</b>	<b>217</b>
<b>31-12-1964</b>	<b>9.8</b>	<b>6.6</b>	<b>1,720</b>	<b>54.8</b>	<b>8.00</b>	<b>36.0</b>	<b>20.0</b>	<b>500</b>	<b>11,021</b>	<b>402</b>
<b>31-12-1969</b>	<b>17.4</b>	<b>12.6</b>	<b>3,949</b>	<b>77.5</b>	<b>8.50+1.50</b>	<b>62.5</b>	<b>30.0</b>	<b>840</b>	<b>14,350</b>	<b>688</b>
<b>31-12-1974</b>	<b>31.4</b>	<b>20.1</b>	<b>6,487</b>	<b>71.9</b>	<b>8.50</b>	<b>79.6</b>	<b>30.0</b>	<b>1,364</b>	<b>16,585</b>	<b>765</b>
<b>31-12-1979</b>	<b>67.1</b>	<b>44.7</b>	<b>11,670</b>	<b>126.9</b>	<b>8.50</b>	<b>126.3</b>	<b>-</b>	<b>2,478</b>	<b>19,040</b>	<b>802</b>
31-12-1980	64.7	45.5	11,793	38.3	-	-	-	2,478	19,023	805
31-12-1981	64.3	46.1	11,638	40.6	-	-	-	2,478	18,895	802
31-12-1982	66.2	47.1	12,400	109.3 <sup>3)</sup>	-	-	50.0 <sup>3)</sup>	2,528 <sup>3)</sup>	18,988	798
31-12-1983	66.9	46.1	12,984	178.4	6.00	101.2	50.0	2,578	19,368	796
31-12-1984	72.8	48.8	13,139	207.1	6.00	101.2	60.0	2,711	20,016	794
31-12-1985	82.6	50.3	13,872	233.2	8.00	142.0	60.0	3,336 <sup>2)</sup>	21,204	793
31-12-1986	90.8	55.1	15,885	243.8	9.00	186.8	60.0	4,297 <sup>2)</sup>	22,539	792
31-12-1987	101.1	58.4	16,837	239.6	9.00	187.2	60.0	4,368 <sup>2)</sup>	23,324	793
31-12-1988	115.3	67.9	16,282	301.3	9.00	203.5	100.0	4,796 <sup>2)</sup>	23,793	795
<b>31-12-1989</b>	<b>125.0</b>	<b>72.6</b>	<b>16,640</b>	<b>442.9</b>	<b>9.00</b>	<b>225.5</b>	<b>100.0</b>	<b>5,273<sup>2)</sup></b>	<b>24,067</b>	<b>802</b>

<sup>1)</sup> including amounts approved by AGMs;

<sup>2)</sup> including DM425m of profit-sharing certificates outstanding;

<sup>3)</sup> including DM705m of profit-sharing certificates outstanding;

<sup>4)</sup> calculated as full-time staff;

<sup>5)</sup> following AGM approval.



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## Supervisory Board

Honorary Chairman:  
PAUL LICHTENBERG  
Frankfurt/Düsseldorf

DR. RABAN FREIHERR von SPIEGEL  
Frankfurt/Düsseldorf  
*Chairman*

HANS-GEORG JURKAT  
Cologne  
Commerzbank AG  
*Deputy Chairman*

HERBERT BAYER  
Frankfurt  
Secretary for Banking Section  
Commercial, Banking and  
Insurance Workers' Union (HBV)  
Frankfurt Regional Administration

REINHOLD BORCHERT  
Bonn  
Commerzbank AG

ERHARD BOUILLON  
Bad Soden  
Member of the Supervisory Board  
of Hoechst AG

HUGO EBERHARD  
Hamburg  
Commerzbank AG

HONORARY SENATOR PROFESSOR  
DR. HERBERT GRÜNEWALD  
Leverkusen  
Chairman of the Supervisory Board  
of Bayer 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

HONORARY SENATOR  
DR. CARL H. HAHN  
Wolfsburg  
Chairman of the Board of  
Managing Directors  
of Volkswagen AG

GERALD HERRMANN  
Hamburg  
Banks, Savings Banks and  
Insurances Section  
Sub-section: Banks, within  
Salaried Employees' Union (DAG)

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

PETER KRETSCHMER  
Hamburg  
Commerzbank AG

GABI LOCHER  
Frankfurt  
Commerzbank AG

DR. TORSTEN LOCHER  
Hamburg  
Commerzbank AG

HORST SAUER  
Frankfurt  
Commerzbank AG

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

DR.-ING. HANNS ARNT VOGELS  
Ottobrunn  
MBB Messerschmitt-Bölkow-  
Blohm GmbH

DIPL.-ING. HEINRICH WEISS  
Hilchenbach and Düsseldorf  
Chairman of the Board of  
Managing Directors  
of SMS Schloemann-Siemag AG

DR. GERD WOLLBURG  
Augsburg  
Lawyer

WOLFGANG ZIEMANN  
Essen  
Member of the Board of  
Managing Directors  
of RWE AG

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## Advisory Board

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

CLAUDIO BOADA VILALLONGA  
Madrid  
Presidente del Consejo  
de Administración  
Banco Hispano Americano  
*since November 1, 1989*

MANFRED BROSKA  
Wiesbaden  
Chairman of the Boards  
of Managing Directors  
of DBV + Partner Versicherungen  
*since July 1, 1989*

HANS-OLAF HENKEL  
Stuttgart  
Chairman of the Executive Board  
of IBM Deutschland GmbH

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

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 Holding AG

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

HONORARY SENATOR  
DIPL.-ING. DR. HELMUT LOHR  
Vaihingen a. d. Enz  
Senior Vice President  
of Alcatel N.V.

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

RUDOLF AUGUST OETKER  
Bielefeld

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

HERIBERT WERHAHN  
Neuss  
Partner in Wilh. Werhahn



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WALTER SEIPP  
Frankfurt/Düsseldorf  
*Chairman*

ERICH COENEN  
Düsseldorf

DIETRICH-KURT FROWEIN  
Frankfurt

KURT HOCHHEUSER  
Düsseldorf

GÖTZ KNAPPERTSBUSCH  
Düsseldorf

MARTIN KOHLHAUSSEN  
Frankfurt

KLAUS MÜLLER-GEBEL  
Frankfurt/Hamburg

JÜRGEN REIMNITZ  
Frankfurt

KURT RICHOLT  
Frankfurt

AXEL FREIHERR von  
RUEDORFFER  
Frankfurt

JÜRGEN TERRAHE  
Frankfurt

## **Board of Managing Directors**

JÜRGEN CARLSON  
Frankfurt

ALFRED KNÖR  
Frankfurt

KLAUS-PETER MÜLLER  
Frankfurt

WOLFGANG OTTO  
Frankfurt

HERBERT PETERS  
Frankfurt

LUTZ R. RAETTIG  
Frankfurt

ULRICH RAMM  
Frankfurt

HEINZ-LUDWIG WIEDELMANN  
Frankfurt

MANFRED WILSDORF  
Frankfurt

## **Executive Vice Presidents**

## The 1989 banking year

The opening-up of Eastern Europe has presented banks with a further central field of strategic planning, to rank alongside *Allfinanz* and the Single European Market. The attractive force of the West's political and economic system has produced upheavals on a historic scale in Eastern Europe. Now a fresh start has to be made. The key words are economic reform and monetary union. The repercussions of these changes on the financial markets have been quite exaggerated at times in recent months. In this situation, we should soberly look beyond the immediate developments.

It is Commerzbank's aim as soon as possible to build up a position in the East German market that is commensurate with the great tradition it created in former decades. Through the merger in 1920 of the Hamburg-based Commerz- und Disconto-Bank with the Mitteldeutsche Privat-Bank in Magdeburg, Commerzbank became a major bank with the largest presence – namely, 121 branches – of any German bank on the territory of the present German Democratic Republic (GDR).

Our first move was to open a liaison office in East Berlin in January 1990. As quickly as possible, we intend to open a further 10 offices in important East German cities and, once the necessary legal basis for this exists, we shall transform them into operative branches.

We believe that we are well-equipped to tap right from the outset the growth potential of a new market and play an active role in shaping the course of events.







From its headquarters in the financial centre of Frankfurt, Commerzbank is currently planning to set up operative bases in East Germany. Alongside our head office, the pictures opposite show former branches in Leipzig, Magdeburg and Eisenach.



## Commerzbank Group's general performance

1989 was a successful year for the Commerzbank Group. With consistently buoyant economic performance in the industrialized countries, we held our own well in the face of global competition. Moreover, through strong investments once again in both human resources and technology, we have systematically broadened the basis for expanding earnings over the next few years. Here fee-earning business continues to gain in importance.

### Business volume exceeds DM200bn

In a difficult interest-rate environment, our approach to growth was careful and strictly earnings-oriented. At root, expansion was fuelled by brisk credit demand on the part of business and retail customers. The Group's broadly-defined business volume, which includes not only the balance sheet total and endorsement liabilities but also guarantees, rose by 7.2% to DM208.9bn.

At the heart of the Commerzbank Group is the parent company, Commerzbank Aktiengesellschaft, whose total assets went up by 8.5% to DM125.0bn; in addition, the Group comprises other commercial and specialized banks operating at home and abroad. Summaries of the annual reports and accounts of the main members of the Group appear on pages 78 to 83 of this Report. The subsidiaries in question are:

		Balance sheet total
RHEINHYP Rheinische Hypothekenbank AG	Frankfurt	DM37,873m
Berliner Commerzbank AG	West Berlin	DM 8,602m
Commerzbank International S.A.	Luxembourg	DM18,791m
Commerzbank (Nederland) N.V.	Amsterdam	DM 1,523m*)
Commerzbank (South East Asia) Ltd.	Singapore	DM 2,788m*)
Commerzbank (Switzerland) Ltd	Zurich	DM 553m*)

\*) DM equivalent.

At end-1989, the banks affiliated within the Commerzbank Group were handling

over 6 million accounts  
for 3.1 million customers  
at 897 branches  
with a staff of 27,631.

### Value added almost DM4.3bn

Net interest income, the basis of our earnings performance, advanced by 2.4% to just over DM3bn. By and large, we successfully managed to cope with the pressure on our margins; as a result, the expansion in business was reflected in mounting interest income. Thanks to brisk securities transactions and the growing volume of West Germany's external trade, our net commission earnings rose by 20.9% to reach DM1.2bn. With the earnings on leasing business included, our value added – i.e. the sum of all net income items – increased by 7.1% or DM284m to practically DM4.3bn. By contrast, total expenses climbed at a lower rate of 5.6%, advancing by DM164m to DM3.1bn.

In terms of individual items, another marginal increase in staff and the raising of salaries lifted personnel expenditure at Group level by 5.2% to almost DM2.1bn. Other operating expenses went up 6.5% to DM817m, while write-downs and depreciations on fixed assets rose by 5.8% to DM202m.

### Partial operating result greatly improved

Our Group partial operating result, which is the balance of the above-mentioned surpluses and expenses, expanded by 11.4% in 1989 to total DM1,172m. After a difficult start, we once again produced gratifying results in our own-account transactions in securities and foreign exchange, particularly after the summer months. Nonetheless,



we did not quite manage to repeat the previous year's fine result. As non-profit-related taxes were also higher, the Group's overall operating result was on a par with that of the year before.

At the same time, write-downs on our securities holdings had to be taken into account. On the other hand, this year as well, we had at our disposal high extraordinary earnings from the sale of securities and trade investments. What is more, the special item with partial reserve character formed last year was partly written back, yielding an amount of DM115.4m.

We were able to improve the partial operating result of the Parent Bank even more strongly than that of the Group; it rose 19% above its 1988 level, reaching DM804m. However, the overall operating result of the Parent Bank is only marginally higher than the encouraging year-ago figure. From the Bank's net income for the year, which expanded from DM345.0m to DM366.9m, its disclosed reserves have been strengthened once again by an allocation of DM100m.

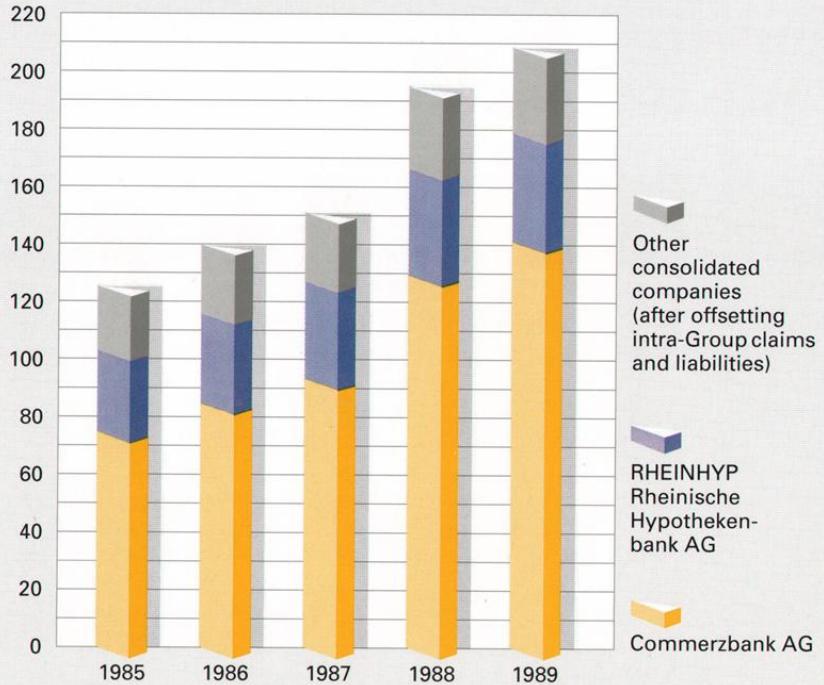
**DM9 dividend for  
Commerzbank shareholders**

We propose to the Annual General Meeting of the Parent Bank that an unchanged dividend of DM9 per share be paid. Owing to an increase in the capital, however, the total amount to be distributed will go up by slightly more than a tenth to DM225.5m. The tax credit for domestic shareholders amounts to DM5.06 per share, as it did last year.

Once this proposal is adopted, the holders of Commerzbank's profit-sharing certificates will again receive from the Bank's distributable profit not only the basic 8.25% interest distribution but also an ad-

**Commerzbank Group: business volume**

in DM bn, incl. guarantees



ditional 1.5% payment. As in the previous year, DM41.4m have to be set aside for this purpose.

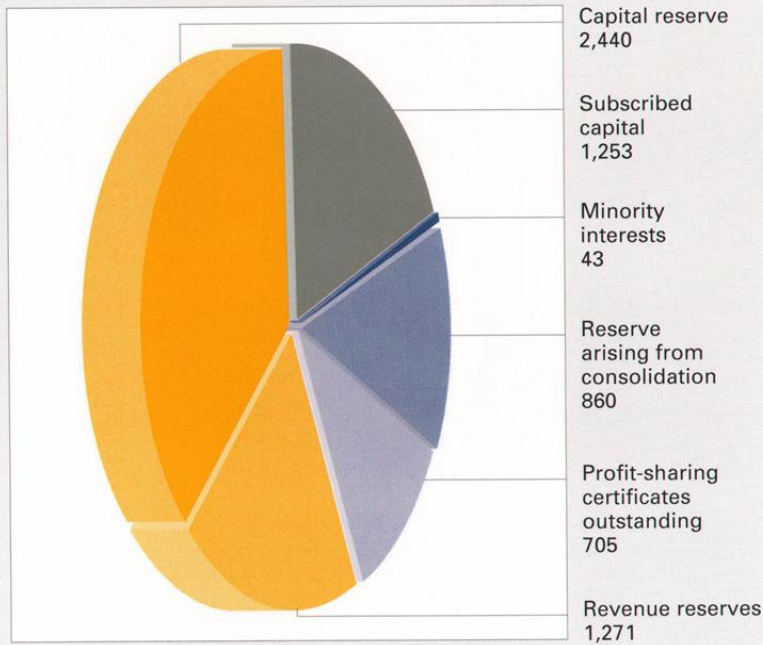
**DM281m allocation to reserves**

Due to the tough capital adequacy rules expected to be imposed on banks in the EC, our equity funds might restrict the Bank's expansion. Consequently, we have devoted great efforts to strengthening our equity base. In view of our solid earnings performance, we were able to boost disclosed reserves by altogether DM281m (DM235m in 1988) from the 1989 results. In some cases, approval by the AGMs of individual consolidated companies is still needed.



**Group's equity capital**

in DM m, 1989



**Total: DM6,572m\***

\*after allocation of funds decided upon at 1990 AGMs of consolidated companies.

bank will hold roughly 5% of the equity capital of Commerzbank AG. From the premium received from the sale of these bonds with warrants, we directly allocated DM28m to our capital reserves.

**Equity capital now DM6.6bn**

In all, the Group's equity capital base was expanded by DM925m in 1989. Once the AGMs of the consolidated companies have signified their approval, the equity capital as shown in the balance sheet will total DM6.6bn; it has more than doubled in the course of a mere five years and now easily exceeds the equity ratios proposed by the Cooke Committee.

**Closer cooperation with Banco Hispano Americano**

Using the cross-shareholding as a basis, we have signed an extended cooperation agreement with Banco Hispano Americano (BHA). With a view to post-1992 Europe, this accord envisages the two institutions offering joint products and unified settlement procedures. Private individuals and smaller businesses in particular are to be guaranteed in the respective partner bank's country the same banking services that they are accustomed to at home.

Examples here are retail payments transactions, mortgage loans and savings products, with information services, cash management systems and M & A assistance provided for business customers. In other fields of activity as well, cooperation is to be strengthened. For 17 years now, we have successfully cooperated with BHA within the framework of the Europartners group. We regard the closer relationship that has now been agreed upon as an open-ended model for cross-border cooperation inside the Single European Market.

Quite apart from this record allocation to reserves from profits, the Parent Bank's equity capital position has been strengthened by altogether DM349m through the holders of option rights which had fallen due exercising their rights in June 1989 and through the renewed issue of shares at a preferential price to the Bank's staff. In addition, our consolidated subsidiaries RHEINHYP and Berliner Commerzbank issued profit-sharing certificates amounting to an overall DM280m.

In October 1989, Banco Hispano Americano, in which we have held a 10% interest since 1984, subscribed to three bond issues with equity warrants which we had launched as part of the planned cross-shareholding between our two companies. Once the rights from these issues have been fully exercised, our Spanish partner



## 190,000 Commerzbank shareholders worldwide

Through a representative survey of custody accounts in 1989, we established that Commerzbank's total shareholders had increased by 30,000 since 1986 to total approximately 190,000. At 42% and 58%, there was virtually no change in the proportion of the Bank's capital held by institutional and private investors, respectively. Wage and salary-earners and pensioners, at 27%, continue to form the largest group of private investors. The number of shareholders among Commerzbank's own staff advanced to 21,000 or so. Practically two-thirds of the Bank's equity capital is held in custody accounts containing less than 1,000 shares.

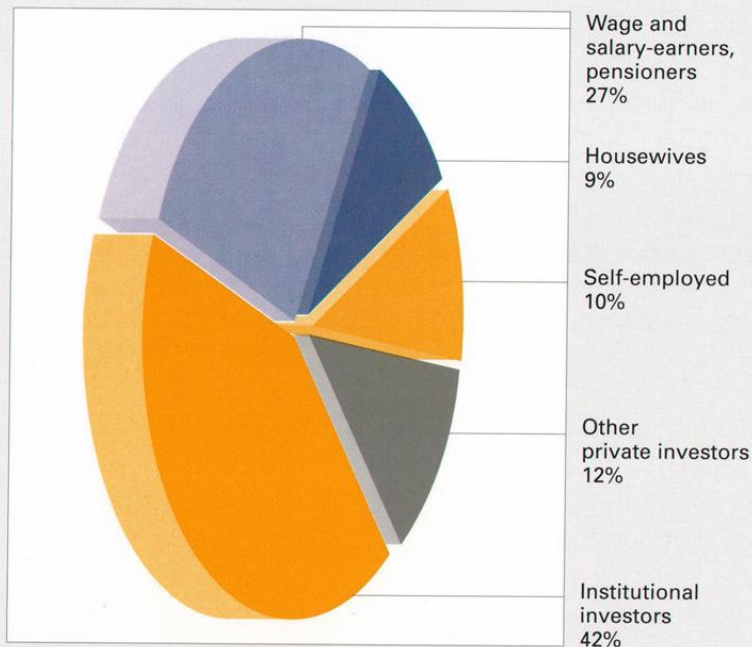
In recent years, the Commerzbank stock has met with growing interest abroad, causing the proportion of the Bank's equity capital held outside West Germany to expand from 32% to 34%. All in all, Commerzbank now has shareholders in 120 countries, its stock being most popular in countries where it has an official stock exchange listing. Just over half the paper held abroad are in Switzerland and the United Kingdom. In Japan, roughly 5,000 investors have bought Commerzbank shares.

### Implementing Commerzbank's *Allfinanz* strategy

By end-1988, we had already acquired an almost 40% stake in the home loan association Leonberger Bausparkasse. This cooperation venture has got off to a good start. In the first year of our joint efforts, we were able to procure for our partner home loan savings contracts whose overall volume amounted to a good DM600m, giving Commerzbank a share of over 15% in the new business concluded. For its part, Leonberger Bausparkasse has also begun, with

## Commerzbank's 190,000 shareholders

Percentage share in capital



Subscribed capital: DM1,253m\*

\*34% of which is held abroad

success, to sell our products, primarily in the area of lending. Such business attained a volume of almost DM500m in 1989.

We have reached agreement with the insurance company DBV + Partner Versicherungen, Wiesbaden, to take a 50% interest in the Partner Group, the name of the company being simultaneously changed to "Versicherungs-Holding der Commerzbank + Partner AG".

Once the DBV has been restructured as planned, we intend to assume a 25% interest in the parent company, DBV-Holding AG. At the same time, we shall transfer our stake in the Partner Group to this holding company.

In strategic terms, our planning in the field of *Allfinanz* is based on cooperation with regard to products, cooperation in their distribu-



**Consolidated balance sheet: changes on the year**

Assets	in DM m	Liabilities	in DM m
Cash reserves, cheques, and collection items	+ 1,166	Liabilities to banks	- 1,762
Bills of exchange	- 2,019	a) demand	(+ 1,911)
Claims on banks	+ 6,540	b) time	(- 3,673)
a) demand	(+ 5,630)	Customers' deposits	+11,180
b) time	(+ 910)	a) demand	(+ 4,382)
Treasury bills	- 279	b) time	(+ 6,296)
Bonds, notes, other securities (incl. issued by Group members)	- 854	c) savings deposits	(+ 502)
Loans and advances to customers	+ 6,627	Bonds outstanding	+ 779
a) less than four years	(+ 2,934)	Acceptances outstanding	- 238
b) four years or more	(+ 3,693)	Provisions	+ 254
Investments	+ 445	Capital and reserves, profit-sharing certificates outstanding	+ 757
Land and buildings, office furniture and equipment	+ 121	Reserve arising from consolidation, in accordance with Section 331 (1) 3 of the German Stock Corporation Act (AktG)*	+ 128
Leased equipment	- 173	Minority interests	- 5
Sundries (including loans on a trust basis)	- 420	Consolidated profit	+ 83
Total Assets	+11,154	Sundries (including loans on a trust basis)	- 22
		Total Liabilities	+11,154

\*) former version, valid up to end-1986.

tion via three nationwide sales networks, and the tapping of cross-selling potential.

By collaborating with Leonberger Bausparkasse and DBV, we can offer a broad range of home loan savings and insurance products. As far as insurance is concerned, we shall not restrict ourselves to life insurance; rather, as a second step, we are also going to act as intermediaries for non-life and health insurance business. At the same time, our two partners are extending their own palette of products by including selected Commerzbank products for retail customers, such as building finance, consumer credits, deposits, standardized securities business and payments transactions.

Just as important as developing a truly all-inclusive range of financial services and products is the broadening of our sales channels. Whereas up to now we have had to

depend almost exclusively on selling our services from our immobile branches, cooperation now gives us access to two nationwide field networks. Once their personnel have received intensive training, these channels will be used for selling Commerzbank products.

The third strategic consideration is the cross-selling potential of our *Allfinanz* links. At present, the Commerzbank Group looks after more than three million customers. Leonberger Bausparkasse has 650,000 customers, DBV two million. Commerzbank, DBV and Leonberger, therefore, represent an *Allfinanz* group with over five million customers. Consequently, all three partners have enormous potential for generating new business.

**Further cooperation agreed**

Two further cooperation accords are closely bound up with our efforts to provide all financial ser-



vices "under one roof". By mid-year, we had already announced our acquisition of a minority interest in the consultants Baumgartner & Partner. Price Waterhouse-Unternehmensberatung also bought a minority interest. The agreements signed by the three firms envisage close cooperation in West Germany. As Price Waterhouse-Unternehmensberatung is active in 18 European countries, with roughly 1,800 employees, the link-up gives Commerzbank the chance to offer its business customers throughout Europe a comprehensive range of information and counselling services.

In January of this year, another cooperation venture was arranged: we are going to acquire a 25% interest in the Düsseldorf real estate brokerage group Müller International, the largest such company for commercial real estate in West Germany. The company will thus be assured of the financial flexibility that it needs to operate successfully in a difficult yet dynamic market. In return, we are getting the chance to become involved at an early stage in commercial building projects. Moreover, our Group will have considerable opportunities for providing the financing, and we shall acquire specialized know-how hitherto lacking within our sphere of influence. What is more, this real estate strategy has a European angle as Müller International maintains outlets throughout the EC and cooperates with leading French, British, Dutch and Scandinavian partners.

This completes Commerzbank's *Allfinanz* conception at the national level. We now enter the nineties well-equipped. Even if *Allfinanz* is not the magic formula it is often made out to be, our strategy of cooperation backed up by equity investments should enable us to do successful business in the future as well.

### Parent Bank's shareholdings in the non-financial sector

Karstadt AG Essen 25.0%	Mercedes-Auto- mobil-Holding AG Frankfurt 6.3% <sup>1)</sup>	Linde AG Wiesbaden 10.3%
Hochtief AG Essen 12.5% <sup>1)</sup>	Thyssen AG Duisburg 5.0% <sup>1)</sup>	MAN AG Munich 6.3% <sup>1)</sup>
Heidelberger Druck- maschinen AG Heidelberg 13.8% <sup>1)</sup>	Linotype AG Eschborn 10.0% <sup>1)</sup>	Horten AG Düsseldorf 6.3% <sup>1)</sup>
Salamander AG Kornwestheim 10.9%	Boge AG Eitorf 24.0%	Hannoversche Papierfabriken Alfeld-Gronau AG Alfeld 10.1%
Aktiengesellschaft Kühnle, Kopp & Kausch Frankenthal 19.9%	Kempinski AG West Berlin 11.3% <sup>1)</sup>	Computer 2000 AG Munich 11.6%
ADV/Orga F.A. Meyer AG Wilhelmshaven 60.1% <sup>2)</sup>	Moto Meter AG Leonberg 19.9% <sup>1)</sup>	

<sup>1)</sup> held indirectly or in part indirectly <sup>2)</sup> reduced to 10% in January 1990

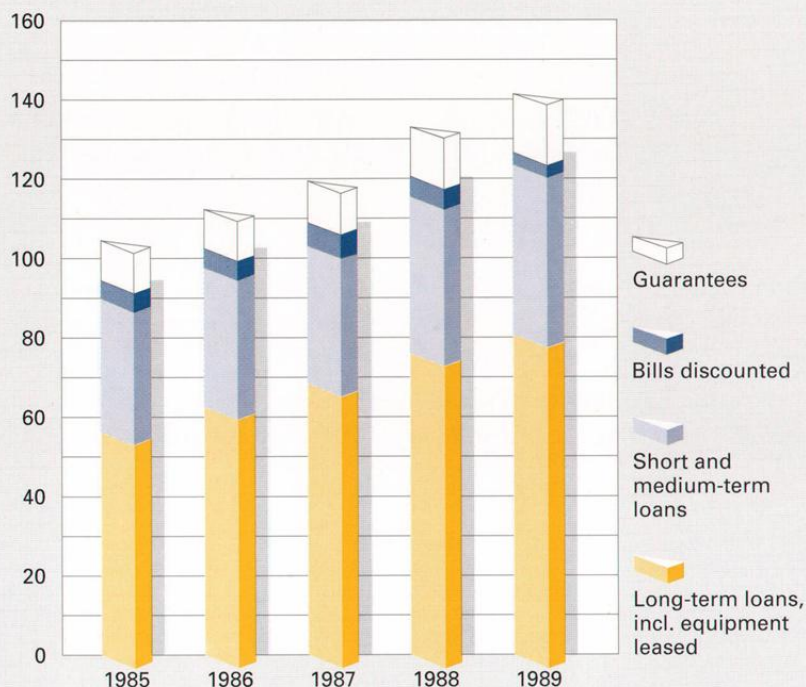
### Valuable investments

We have increased our investments in other companies at Group level by DM444m, bringing them up to DM2.4bn. Disposals relate to the sale of our indirectly held interest in Hutschenreuther. Acquisitions comprise various small individual items as well as a 24% holding in Boge AG and one of 60.1% in ADV/Orga, which we reduced to



**Group's total lending**

in DM bn



**Claims on customers now exceed DM100bn**

Throughout the year, demand for credit was buoyant despite the constantly rising interest level. All in all, our Group's total lending expanded worldwide by 4.8% to DM126.5bn. Once again, loans to customers were the focal point, adding 6.7% to reach DM105.5bn and thus breaching the DM100bn mark for the first time.

Given strong demand for building finance, on the one hand, yet great restraint on the part of government bodies as regards additional credits, on the other, the mortgage and local government loans outstanding of our mortgage bank subsidiary increased only marginally to DM33.8bn. By contrast, book credits recorded solid growth of 9.7% to DM76.6bn. Here, short and medium-term lending, adding DM2.9bn, did not expand quite as much as long-term credits, which were up by DM3.8bn.

10% early in 1990. In addition, we raised our stake in Deutsche Schiffsbank, an institution formed by the merger of the ship mortgage banks in Bremen and Hamburg, to 40%.

Quite apart from our 25% interest in Karstadt, we own blocks of shares – in part through holding companies – in a broad range of the "gems" of West German industry. Directly held interests of under 20% are shown, as they have been hitherto, under the item "securities".

At end-1989, the market value of all the non-financial holdings (see table of major interests on page 17) amounted to more than DM4.8bn, translating into about DM193 per Commerzbank share. The hidden reserves, i.e. the difference between market and book value, represented by this item are substantial.

We considerably reduced the volume of bills we discounted abroad, whereas – thanks to the Bundesbank raising the rediscount quotas – we were able to step up such business, with broader margins, in West Germany. All told, our bill discounting declined by 34.2% to just under DM3.3bn. We lifted our lending to other banks by 6.7%; the equipment leased fell by 18.6% to DM756m.

**Customers' deposits up DM11.2bn**

In 1989, the liabilities side of the Group's balance sheet registered strong growth in customers' deposits, which climbed by 15.1% to DM85bn. The encouraging DM4.4bn increase in sight deposits is attributable to both our broader customer base and our greater involvement in payments transactions. We allowed time deposits to



expand by DM6.3bn, with the emphasis on longer maturities; after declining somewhat in 1988, savings deposits rose by DM0.5bn to DM15.3bn, primarily due to our attractive fixed-interest savings plan.

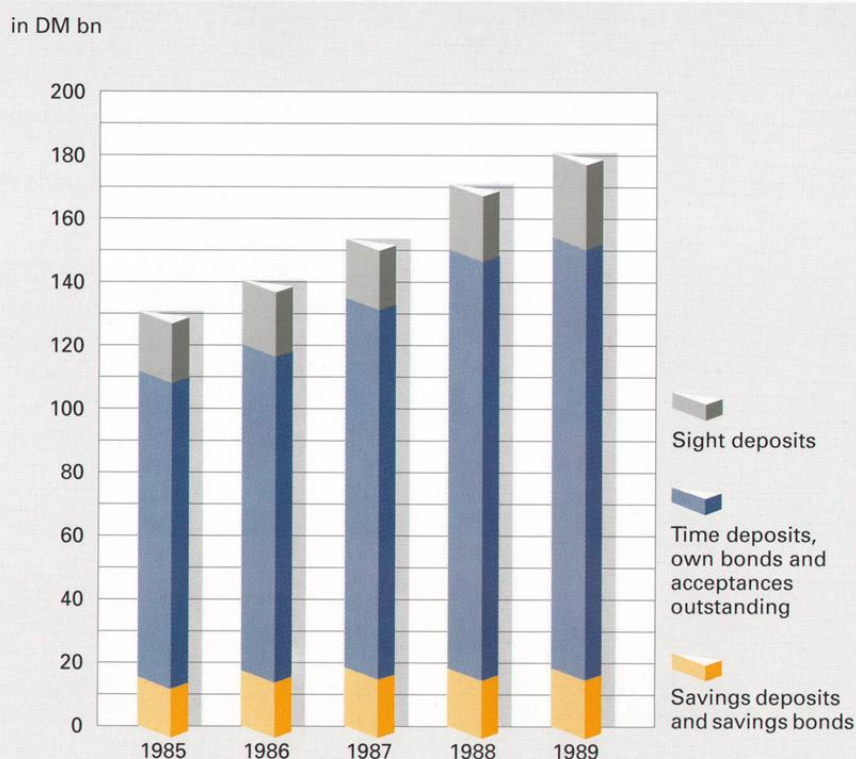
Despite a high level of redemptions, we achieved a further substantial increase of 12.2%, to DM12.8bn, in the volume of bonds outstanding issued by commercial banks within the Group. However, RHEINHYP's bonds outstanding decreased by 1.9% to DM32.1bn. We also scaled down our liabilities to banks in 1989, which had previously climbed sharply. After a 3.4% decline in interbank deposits to DM49.7bn and a simultaneous 12.8% increase to DM57.7bn in our claims on credit institutions, the balance sheet shows that the Group had a net creditor position of DM8.0bn in interbank business at the end of last year.

#### Asset/liability management

In order to meet the solid demand for long-term loans, we have continued to raise substantial funds through bond issues by Commerzbank Overseas Finance N.V., Curaçao. By means of DM issues and foreign-currency bonds denominated in yen, sterling, Ecus, US dollars, Austrian schillings and Danish kroner, we raised the equivalent of roughly DM1.2bn. In addition, by setting up a US\$750m medium-term-note programme through Commerzbank U.S. Finance Inc., Wilmington, we secured access for ourselves to longer-term funds in the US market.

To limit interest and exchange-rate risks, foreign-currency bonds were regularly combined with interest and currency swaps, and occasionally with options as well. The same applies to the taking of long-term foreign-currency deposits equivalent to approximately DM0.5bn.

#### Group's borrowed funds



As in previous years, financing instruments whose use is not reflected in the balance sheet, above all interest caps, played a central role in curbing the risks stemming from interest-rate movements. We doubled the Euro-commercial paper programme of Commerzbank International S.A., Luxembourg, to US\$1bn; we use it not only in US dollars but also in other currencies, especially the Ecu.



**International lending and investments**

Once again, we achieved a substantial part of our business expansion abroad. Growth was registered at both the Parent Bank's foreign branches and the internationally operative bases as well as in the claims on non-residents booked in West Germany. At end-1989, the overall volume of the Group's foreign assets – i.e. loans, shorter-term nostro balances and securities, minus domestic export credit and other guarantees as well as loan loss reserves – stood at

24%, Latin America 6%, Asia 13% and Africa 2%. Last but not least, Australia and international organizations make up the remaining 3%. As hardly any progress has been made towards a solution of the debt crisis, not even through the rescheduling agreement with Mexico, we have once again formed loan loss reserves – despite the great efforts already made in previous years. Without the partial waiving of our claims on Mexico taken into consideration – which, although agreed by the balance sheet date, had not yet been set off against debt provisions – our Group exposure in problem countries totalled DM5.3bn at end-1989. Two-thirds of the Parent Bank's doubtful credits and half of the Group's have been covered by loan loss reserves.

**Branch network extended**

After several years of stagnation – the opening of new offices and the closing of existing ones having roughly offset each other since 1983 – we expanded our branch network again last year. In Deggendorf and Freising we opened branch offices; in addition, two sub-branches were set up in Hamburg and Hanau and a paying office offering financial advisory services in Bad Dürkheim. The Parent Bank now maintains 787 offices in West Germany, while the Group has a total of 897 operative units worldwide.

With few exceptions, these outlets are linked up via a global network of over 10,000 display terminals. While costs are being kept strictly under control, a further extension of our data-processing systems is planned for 1990 as well, the goal being to ensure full coverage with terminals.



The window displays at our branches have been reorganized to accommodate an attractive and informative communication system.

DM61.5bn, as against DM55.8bn at end-1988. We achieved the highest increases in North America and the UK.

The regional breakdown of our foreign lending shows that, at 52%, the main emphasis falls on Europe, with North America accounting for



**Board of Managing Directors**

**Banking Departments**

International Commercial Banking  
and Export Finance

Corporate Banking

Treasury and Foreign Exchange

Investment Banking

Loan Management

Private Banking

Securities Business

Planning East German Operations

**Management Services**

Controlling and Planning

General Services

EDP

Personnel

Accounting

Legal Matters and Taxes

Internal Auditing

Economic Research  
and Corporate Communications

**Domestic Branches,  
Subsidiaries, and Holdings**

**40 Main Branches**

controlling 410 regional branches  
with 337 sub-branches

**More than 50 Subsidiaries  
and Holdings**

including:

RHEINHYP  
Rheinische Hypothekenbank AG,  
Frankfurt

Berliner Commerzbank AG,  
West Berlin

Commerz-Credit-Bank AG Europartner,  
Saarbrücken

Commerzbank Investment  
Management GmbH,  
Frankfurt

Commerz International  
Capital Management GmbH,  
Frankfurt

Commerz- und Industrie-Leasing GmbH,  
Frankfurt

Deutsche Immobilien Leasing GmbH (DIL),  
Düsseldorf

Leonberger Bausparkasse AG,  
Leonberg

Versicherungs-Holding der Commerzbank + Partner AG,  
Wiesbaden

**Foreign Branches,  
Subsidiaries, and Holdings**

**5 Subsidiaries**

Commerzbank International S.A.,  
Luxembourg

Commerzbank (Nederland) N.V.,  
Amsterdam  
with branch office in Rotterdam

Commerzbank (South East Asia) Ltd.,  
Singapore

Commerzbank (Switzerland) Ltd,  
Zurich  
with branch office in Geneva

Commerzbank Capital Markets Corporation,  
New York

**15 Branch Offices** (see page 99)

**20 Representative Offices** (see page 100)

**Some 30 Holdings**

including:

Commerz Securities (Japan) Co. Ltd.,  
Hong Kong/Tokyo

Korea International Merchant Bank,  
Seoul

UBAE Arab German Bank S.A.,  
Luxembourg/Frankfurt



## Serving our business customers

Apart from acquiring new clients, our main concern in 1989 was to develop existing relations with our 85,000 or so business customers. Moving beyond the traditional areas of financing, deposit-taking and payments transactions, we were able to a greater extent to offer counselling services and to draw upon our international experience both in investment banking and as a foreign-trade bank in domestic business.

Spurred by healthy economic performance, demand for short-term credits as well as for medium and longer-term investment financing was exceptionally buoyant. With interest rates continually climbing – as the Bundesbank raised the discount rate in four steps by altogether 2.5% to 6% – our floating-rate short and medium-term book credits registered a gain of roughly a fifth. The increase was practically as strong in the volume of the Eurocredits granted by our foreign branches and our Luxembourg subsidiary to German clients.

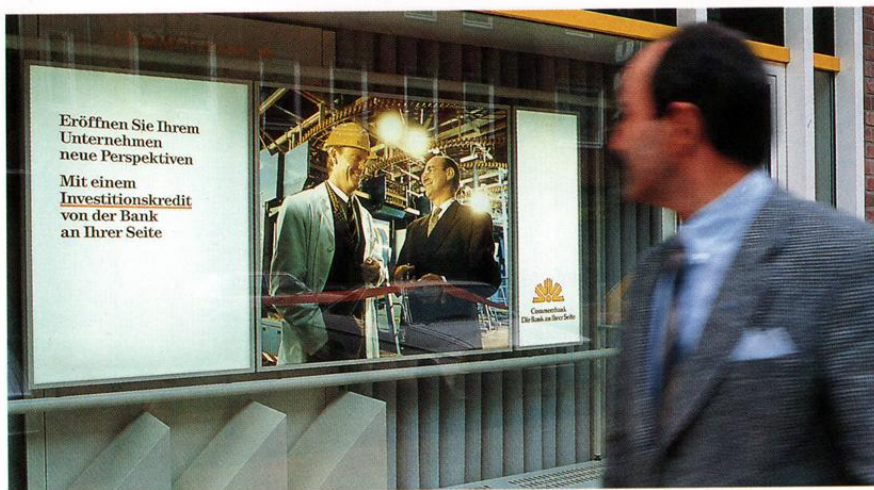
When compared with the 10% increase in the rediscount quotas, we stepped up our bill discounting at an above-average rate. In guarantee and L/C business as well, double-digit growth rates were recorded, the strongest expansion being achieved in foreign guarantees. All told, our liabilities from guarantees, bill and cheque guarantees and from indemnity agreements now amount to DM15.1bn at Group level, as against DM12.5bn at end-1988.

### Corporate lending

We further increased our market share in corporate lending. Despite the fact that a substantial amount of credits were paid back, we were able to raise our overall volume to more than DM10bn. The stronger demand centred on standardized loans, of which we now offer a comprehensive range for funding both investments and commercial premises, as well as on customized joint financings developed in conjunction with RHEINHYP.

Deutsche Immobilien Leasing GmbH (DIL), in which we have a 50% interest, registered renewed growth in both its new business and its earnings last year. The funding of real-estate leasing contracts as part of our cooperation with DIL was further intensified. With its business remaining brisk, our subsidiary for the leasing of moveable goods, Commerz- und Industrie-Leasing GmbH (CIL), repeated 1988's good operating result.

Demand for government-funded loans in conjunction with subsidized funds was even greater than in the previous years. This also includes our special credit programme for smaller businesses, "Umwelt", designed to promote environmental protection.



We have succeeded in further expanding our market share in the business loan segment.



## Lending to domestic private and business customers by Parent Bank

	31-12-1989	31-12-1988
Energy and mining	1.1%	1.2%
Chemical and oil-refining industries	2.0%	1.6%
Plastics and rubber production, non-metallic minerals, fine ceramics and glass	2.1%	2.1%
Metal production and processing, steel construction, mechanical engineering, automotive industry, office equipment and EDP	7.8%	7.1%
Electrical and precision engineering, optical products, metal manufacturing, musical instruments, sports equipment, jewellery	6.2%	6.2%
Wood, paper, and printing	3.1%	3.0%
Textiles, clothing, shoe and leather industries	2.1%	2.2%
Food, drink, and tobacco	2.6%	2.6%
Building and civil engineering	3.1%	3.2%
Industry, overall	30.1%	29.2%
Commerce	10.2%	11.1%
Transport and communications	3.1%	2.8%
Other services, including the professions	25.8%	24.7%
Individual customers other than self-employed	30.8%	32.2%
	100.0%	100.0%

### Mobile electronic banking

The Bank's plan to set up separate electronic banking sections in its 40 main branches has paid off. This is underlined by the amount of counselling provided, the stronger sales of our PC software packages, and the continuing high level of utilization of our palette of electronic banking services. Demand is particularly great for the products devoted to the paperless handling of payments.

We stepped up our efforts to reach a broader public through the use of a vehicle called the "EB-mobil", which is specially equipped to enable our branch offices to present the topic of electronic banking. Specialists in the main branches use portable personal computers when visiting clients; so far, electronic banking studios have been established in eight locations.

By participating in Business Datenbanken International GmbH, we have incorporated our conventional trade brokerage services into a worldwide electronic medium.

### Medium and long-term export finance

The pronounced appetite for capital goods on the part of key importing countries was reflected in a marked increase in overall demand for export finance. Buyers' credits and other forms of financing which keep the burden off the exporter's balance sheet continued to predominate. In addition, there was strong recourse to low-interest sources of funding, especially the facilities offered by AKA Ausfuhrkreditgesellschaft, the German banks' joint export credit vehicle, for its category B funds.

Overall, the volume of Commerzbank's new business expanded considerably, the emphasis in 1989 falling on the USSR and East Germany. But credit demand



also rose in other countries such as Turkey, Greece and Algeria. Block credit agreements for the major importing countries were constantly used as financing instruments.

As market-economy structures develop in East Germany, we expect an exceptionally strong increase in demand for capital goods, which should be felt in export finance as well.

### Foreign-exchange trading

Last year, exchange rates were influenced to a greater extent by political and economic news, economic forecasts, and the mounting international capital flows, making it especially difficult to assess the trends in the foreign-exchange markets. What is more, interest movements were extreme throughout 1989. All this called for great flexibility and quick action on the part of the Bank's foreign-exchange dealer teams.

With our network of 17 foreign-exchange teams in all the world's leading financial centres, we repeatedly showed ourselves to be an efficient partner, given the great need for forward cover on the part of those of our customers involved in external trade. In addition, we further strengthened our lead as regards forward transactions, especially in the 2 to 10-year bracket; this also includes longer-term Ecu hedging.

Our clients showed sustained and lively interest in currency options, which especially at times of erratic exchange-rate fluctuations do not only provide forward cover but also extend the opportunity for extra gains. In the field of interest-hedging instruments, the market liquidity in D-marks, above all in forward rate agreements, has increased. This development has been encouraged by the introduction of the corresponding interest-rate futures contracts on the Liffe and Matif exchanges. Such instruments are steadily gaining greater acceptance with our business customers.

Foreign demand for capital goods is boosting export finance.







**Foreign branches**

Antwerp  
 Atlanta  
 Barcelona  
 Brussels  
 Chicago  
 Grand Cayman  
 Hong Kong  
 London  
 Los Angeles  
 Madrid  
 New York  
 Osaka  
 Paris  
 Singapore  
 Tokyo

**Representative offices abroad**

Bahrain  
 Bangkok  
 Beijing  
 Bombay  
 Buenos Aires  
 Cairo  
 Caracas  
 Copenhagen  
 Istanbul  
 Jakarta  
 Johannesburg  
 Mexico  
 Milan  
 Moscow  
 Rio de Janeiro  
 São Paulo  
 Seoul  
 Sydney  
 Tehran  
 Toronto

**Foreign subsidiaries and holdings**

Commerzbank International S.A., Luxembourg  
 Commerzbank (Nederland) N.V., Amsterdam and Rotterdam  
 Commerzbank (South East Asia) Ltd., Singapore  
 Commerzbank (Switzerland) Ltd, Zurich and Geneva  
 Commerzbank Capital Markets Corporation, New York  
 Commerz Securities (Japan) Co. Ltd., Hong Kong/Tokyo  
 Korea International Merchant Bank, Seoul  
 UBAE Arab German Bank S.A., Luxembourg/Frankfurt

Worldwide, Commerzbank has approximately 70 outlets and holdings in roughly 30 countries.



## Serving our private customers

We have made great efforts to step up even further cooperation with our private customers, who now total 2.6 million at the Parent Bank. For them, we maintain 4.9m accounts in the meantime, 1.1m of which are for private payments transactions.

The account for payments transactions has now been developed as a Commerzbank proprietary article into an all-round package under the name of CoPlus – with a fixed price, which covers not only an improved value date procedure but also the eurocheque card, or a customer card, the use of ATMs and account statement printers as well as the handling of all banker's orders. If the customer so wishes, the Commerzbank Eurocard or Eurocard Gold will soon be included in the package at an extra charge.

Our credit cards have met with a highly positive response from our customers, especially since the number of businesses accepting them rose considerably last year. Through its global validity, the Eurocard complements the eurocheque, which continues to be employed universally in West Germany for payments as well as for use with cash dispensers and other self-service devices in banking. Specially for our credit-card holders, of whom we now have roughly 115,000, we launched "Commerzbank Journal" last September. It appears four times per year, providing information on current topics in business and banking.

The strong focus of our products and services on the differing needs of our customers relative to their age and financial situation means that exacting demands are made on our counsellors. We are preparing the latter through selective training and are ensuring that they have up-to-the-minute knowledge. Thanks to our cooperation

with Leonberger Bausparkasse since 1989 and our joint activities with DBV Versicherungen as from May 1990, we are now able to offer private customers an all-inclusive range of financial products and services. In this way, we are seeking to look after our clients even more intensively and reinforce their links with our Bank.

Our branches specially set up to serve young people, operating so far in five West German towns, have met with a warm reception. In addition to banking services designed for that age group, these outlets offer information on business issues or on money and banking matters as well as providing the latest on the job market and details of interesting events. The intention is to help overcome the frequent inhibitions about entering a bank. Our magazine "Yellow", now in its third year of publication, serves the same purpose.

### Savings deposits rising again

Retail customers' savings deposits and savings bonds totalled DM29.2bn at end-1989, DM3.8bn or 15% more than a year earlier. The increase mainly related to time deposits, which went up by 67% to DM8.3bn, and to our 1-year fixed-interest savings plan. With this new product, we offer an attractive alternative for investors who wish to advance beyond the savings deposit at statutory notice and commit sums for a longer period. Our fixed-interest plan has been instrumental in ensuring that, after hitting a low in April, the volume of our savings deposits had expanded by a good 3% to just under DM14bn by end-1989.

We were flexible in bringing our interest terms into line with current market conditions. Our branches are able to take regional peculiarities into consideration when fixing charges and can vary



Our credit cards are meeting with a lively response.



the interest paid on savings deposits accordingly. In the meantime, special forms of saving claim a large share of the total. The sum to be saved under long-term savings plans exceeded the DM5bn mark.

At end-December, the volume of savings bonds outstanding was DM2.7bn, more or less its year-ago level, although on July 1, 1989 we had stopped issuing savings bonds with a life of under four years in favour of other investment instruments. Sight deposits showed only little change, amounting to DM4.3bn at year-end. As in 1988, private customers' aggregate deposits represented just over 51% of total domestic deposits.

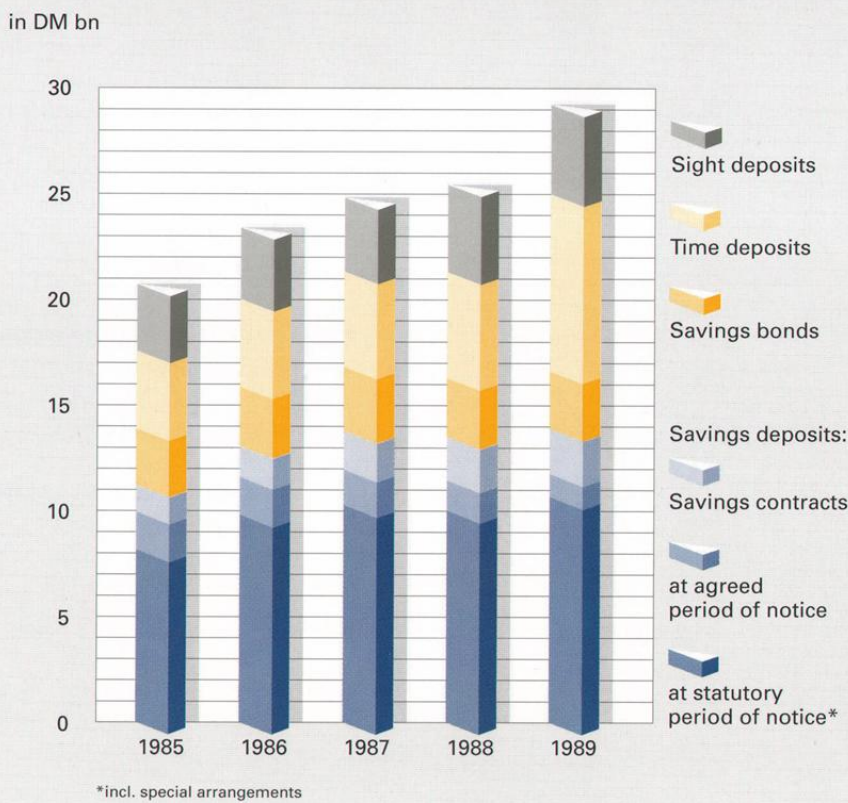
### Credit demand remains high

Lending to domestic retail customers – for the most part, home loans and personal credits that can be tailored to individual needs – expanded more strongly than in 1988, adding DM1.8bn or 10%. Consumer loans advanced by 9% to DM3.8bn. With their current total of DM20.9bn, 44% (1988: 45%) of all claims on domestic customers are on private individuals.

Once again, building finance proved to be one of the pillars of our business. Despite ever tougher competition, our branches managed to procure new business – including that passed on to our specialist subsidiary RHEINHYP – of DM4.4bn.

The total new commitments at Group level rose to DM6.7bn (1988: DM6.6bn), with customers continuing to show preference for long-term credits with a fixed interest rate. Within the Group, the volume of residential construction loans went up by DM2.2bn to DM30.2bn, the Parent Bank accounting for DM11.5bn (DM10.2bn) of these.

### Private customers: deposits and savings bonds



By playing a prominent role in the financing of residential construction, especially owner-occupied housing, we are trying to help promote the formation of private wealth. We look upon this as a way of overcoming shortages and fluctuations in the housing market as rapidly as possible.

### The spread of technology

We systematically use the possibilities afforded by technology to facilitate and intensify customer counselling, and especially to improve the flow of information. Nationwide, our branches are now being equipped with account statement printers. As a result, all our customers will soon be able to monitor the transactions and the balance on their account from any Commerzbank office and print the latest statement. What is more, we intend step by step to extend our network of cash dispensers.



## Investment banking

Last year's very divergent trend in the international stock markets, on the one hand, and in the bond markets, on the other, exerted a decisive influence on our investment banking activities. Despite declining volumes in some areas, 1989 proved to be a very encouraging year for new issues and securities business as a whole. Our commission earnings rose by 22%.

Issuing activity was determined by the strong increase in interest rates. In the course of the year, the average yield of domestic bonds rose by 1.25 percentage points. As the yields of short and medium-dated paper climbed to an above-average extent, the overall pattern of interest rates became increasingly inverse, making it more expensive to finance securities positions. At roughly 1.5 percentage points, the rise in the interest rates of foreign DM bonds was even more pronounced.

### Withholding tax interlude

The short-lived withholding tax episode also clearly left its mark. Thanks to the early announcement that the 10% withholding tax on interest income, levied since January

1, was to be abolished on July 1, withholding-tax-free investments abroad distinctly lost their appeal for German investors. As a result, the volume of foreign DM bonds issued receded from DM41bn in 1988 to DM29.5bn.

Commerzbank was able to defend its excellent position in this shrinking market segment well. We acted as lead-manager for 17 foreign DM bond issues, serving as co-manager in 70 instances. We secured access to the DM capital market for three newcomers: the Dutch firm of Fokker, Japan's Fuji Bank and Primary Industry Bank of Australia. One real innovation on our part was to offer three bonds with a currency option for the borrower, which allows a choice between redemption in D-marks or in US dollars at a fixed exchange rate.

In view of the virtually constant deterioration in the overall pattern of interest rates, sales of foreign DM bonds were no more than sluggish at times, despite the great care taken to select borrowers. For this reason, we were consciously rather cautious about taking over co-manager responsibilities.

The market for foreign DM bonds, like the Euro-capital market in general, was tapped heavily by Japanese issuers; they took advantage of the sustained boom on the Tokyo stock exchange to launch low-interest bonds with equity warrants attached. For five of these DM issues, which were received very well by the investing public, we were chosen as lead-manager.

In the field of foreign-currency bonds, we led the banking syndicate for three Australian dollar issues and one Ecu offering. Here, too, the interest of West German investors steadily waned, given the removal of the withholding tax and the re-emergence of exchange-rate risks.

### Cooperation in underwriting syndicates

Year	Capital increases through rights issues*)	Domestic bond issues	Foreign DM bond issues
1980	16 totalling DM 2.7bn	11 totalling DM 9.2bn	66 totalling DM10.0bn
1981	20 totalling DM 1.4bn	12 totalling DM13.5bn	41 totalling DM 5.2bn
1982	20 totalling DM 2.0bn	20 totalling DM21.9bn	102 totalling DM12.1bn
1983	18 totalling DM 2.6bn	24 totalling DM23.4bn	103 totalling DM14.6bn
1984	16 totalling DM 1.9bn	21 totalling DM23.9bn	109 totalling DM17.0bn
1985	18 totalling DM 4.7bn	29 totalling DM32.5bn	126 totalling DM24.7bn
1986	31 totalling DM 9.2bn	31 totalling DM46.3bn	126 totalling DM25.1bn
1987	19 totalling DM 5.7bn	29 totalling DM50.2bn	98 totalling DM19.7bn
1988	11 totalling DM 1.5bn	16 totalling DM41.7bn	125 totalling DM29.1bn
1989	50 totalling DM10.2bn	14 totalling DM37.5bn	96 totalling DM22.4bn

\*) cash proceeds

In addition, we participated in placing 2,506 foreign-currency bond issues between 1980 and 1989.



Examples of our international new issues business.





**A leader in innovations**

1989 saw a boom in the issue of currency options. Commerzbank was the first of the "Big Three" German banks to explore this market segment, successfully launching seven issues altogether, allowing investors to buy or sell US dollars or sterling at fixed exchange rates. During the first few months of the current year as well, we have been active in this area of business, too. In addition, we offered interest options on the Federal Government's end-of-year bond issue. In 1989, we also became the first of the large German commercial banks to offer

ter. However, we continued to avoid participating in loans intended to fund budget or balance-of-payment deficits.

**Six new foreign stocks for Frankfurt**

We added another six companies to the catalogue of foreign firms whose equities are officially listed on the Frankfurt stock exchange. The German public can now also invest in the shares of such well-known names as Fokker, Rémy & Associés, Grand Metropolitan, Hewlett-Packard, Emess and Nedlloyd, at reasonable cost and in the domestic market.

As with foreign DM bonds, issuing activity in German domestic bonds declined perceptibly as the Federal Government and the state governments had to fund only small budgetary gaps thanks to the double-digit rates of increase in their tax receipts. All told, Commerzbank was involved in the placing of 14 German public-sector bonds with an overall volume of DM37.5bn.

Although traditional capital-market business tended to be weaker, the field of corporate finance offered adequate and profitable compensation. With its scope increasingly stretching to take in smaller businesses, this area covers a broad range of financial services, including the raising of equity capital. Frequently, large-scale and complex funding schemes have to be worked out; and, generally speaking, such business calls for intensive counselling.

**Largest market share in bourse newcomers**

Once again, Commerzbank was very successful in helping companies to go public. Following



Our counselling activities are continually expanding, especially those involving smaller firms.



so-called "covered warrants" on the shares of BMW, Volkswagen and the US firm of Time Warner Inc.

International syndicated loan business continued to run at a high level; in this area as well we were careful to secure a position in the management of the banking syndicate. Frequently, these credits were related to project financings and transactions with leverage charac-



Schweizer Electronic, Schramberg/Black Forest, a leading producer of printed circuits, and the Bochum electronics wholesaler Hako, we arranged a stock-exchange listing towards the end of the year for GEA, a highly promising technology firm. With its overall volume of DM775m, this was the second-largest new share flotation on the German market during the eighties. In terms of the amounts raised, therefore, Commerzbank headed the list of German issuing houses last year – as it had done in 1987, thanks to Linotype. We were members of the selling syndicate for ten other bourse introductions and made use of the positive market situation to participate in 50 capital increases for cash effected by already listed companies.

Mergers and acquisitions activities are becoming ever more important; before adverse tax changes took effect on January 1, 1990, they gathered extra momentum. M & A business today is taking on an increasingly international orientation, not least given the approach of the Single European Market. All in all, the volume of the deals in which we were involved doubled in 1989.

A marked expansion in its activities was also registered by our project financing section, which is similarly part of corporate finance in the broader sense. Alongside the traditional energy and raw materials sectors, the focus once again was on the financing of plant in the basic materials industry and of environmental protection and communications technology projects. We expect the process of political and economic reform in Eastern Europe to generate major impulses for project finance over the next few years.

### Share turnover up considerably

Our securities business clearly reflected the distinct split in the market. The attractiveness of investing in equities, which held out the prospect of high gains internationally, produced a surge in the volume of transactions we effected for our customers. Turnover almost doubled in the case of German shares. Foreign equities again accounted for a sizeable slice – more than 40% – of aggregate turnover.

At the same time, bond business was hit by interest rates. Turnover in German issues stagnated,



even declining somewhat in non-domestic offerings – including foreign DM bonds – in line with issuing activity.

Similarly in keeping with the rather weaker market trend, the sales of ADIG investment certificates through our branch network did not attain last year's very high level. Nonetheless, they continued to be strong. Investors tended to favour internationally-oriented bond

We have added three German and six foreign shares to the German stock-market list.



funds, whereas their German equivalent and also equity funds registered net outflows. In the course of 1989, interest in Luxembourg-based funds also waned, which had been very much in vogue the previous year thanks to the withholding-tax debate. The assets of ADIG Luxembourg S.A. rose from DM1.8bn to DM3.0bn in the course of 1989. ADIG itself was managing total assets of DM20.8bn at end-1989.

At the start of December, ADIG launched two new European funds, with Commerzbank undertaking to act as depository bank for Adiropa. This fund invests in fixed-income

**Portfolio management:  
a growth sector**

The growth of the various areas of portfolio management gathered momentum in 1989. Our asset management teams administering the securities held by larger private investors recorded an increase in the volume of custody accounts far in excess of the average share price gains. The same holds true for our subsidiaries abroad, offering asset management of their own in Luxembourg, Zurich, Geneva and Singapore.

The Frankfurt-based Commerzbank Investment Management GmbH has raised the number of non-publicly-offered funds which it manages for German companies, public bodies and institutional investors from 126 to 153. At the same time, their total assets expanded from DM7.3bn to slightly more than DM8.7bn; within a mere four years, therefore, they have doubled. As a result, "Commerzinvest" remains one of West Germany's leading investment funds in the non-publicly-offering sector.

Our relatively new portfolio management subsidiary for non-domestic institutional investors, Commerz International Capital Management GmbH, saw the assets it administers climb from DM2.6bn to DM3.6bn in 1989. In future, CICM expects stronger inflows of capital from both the Far East and North America, spurred by the present bullish mood with regard to Eastern Europe.

In October, CICM (Ireland) Ltd. was founded, a joint venture with Allied Irish Banks offering institutional investors from EC countries professional portfolio management. Thanks to favourable tax treatment, asset management in the Irish Financial Services Centre is especially attractive.



Investment funds continue to be an interesting investment.

securities denominated in either a European currency or in Ecus.

There was a strong decline last year in demand for shares in open-ended property funds, since their performance increasingly failed to keep abreast of the rising yields in the capital market. However, in terms of the yield it offers, "Hausinvest", the fund which we market, continues to be one of West Germany's leading open-ended property funds. The assets it manages totalled DM1.4bn at end-1989.



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### **Investment banking activities in Tokyo and New York**

In its third full business year, Commerz Securities (Japan) Co. Ltd., a company set up jointly with Hoechst and Veba in 1987, was able not only to consolidate but also to expand its position in Japan in an increasingly difficult environment. Last year, "ComSec" participated in over 60 issues in the Japanese capital market and was instrumental in ensuring that Commerzbank was able to become so strongly involved in the bonds launched by Japanese companies.

The sales of German securities to Japanese investors also revealed a clearly upward-pointing trend. The encouraging outlook for the German stock market and the start of trading on the *Deutsche Terminbörse* (DTB), West Germany's options and futures exchange, suggest that demand for German paper will grow in 1990. ComSec currently has a staff of 50 and plans further recruitments in the years ahead.

Our New York investment bank subsidiary, Commerzbank Capital Markets Corporation (CCMC), performed well in its first full business year. Despite a difficult business setting and strong fluctuations on the part of exchange rates and the US stock market, CCMC was already able to achieve a surplus. At year-end, it had 50 employees.

As a member of the New York Stock Exchange, CCMC carries out all kinds of securities transactions, provides portfolio management services for companies, institutional and private investors and is active in the United States as a market maker for German securities. What

is more, our subsidiary offers advisory services in the area of corporate finance and participates in the underwriting of American stock and bond issues.

### **Preparing for the DTB**

One of the great challenges in German securities business over the past two years has been the intensive preparation, in terms of both staff recruitment and technological facilities, for the DTB. In the meantime, over a third of the securities advisers employed in our branches have received special instruction, the aim being to ensure that the new instruments are accepted as quickly and as widely as possible. The specialist options and futures group at the Bank's Frankfurt head office already consists of 70 people.

After the encouraging start to DTB trading on January 26, 1990, we feel confirmed in our belief that the high costs of the initial stages will be retrieved in the foreseeable future.



## International activities

The momentum in the Bank's foreign business that had been carried over from the previous year was preserved intact throughout 1989. West German business achieved further successes in all its major export markets. Our Bank focused even more intensively on customers' needs. This was reflected in a further strengthening of our market position and in an expansion of our share of German banks' foreign commercial business to over 10%; commission earnings grew at double-digit rates, roughly in parallel with West Germany's external trade volume.

### A boost from European integration

Quite independently of economic performance, which has helped our business operations, the process of European integration is becoming more and more of a permanent stimulus for West Germany's exports. In Western Europe – inside and outside the European Community – companies are increasingly adapting to the new perspectives through internal restructuring. This, in turn, creates a

mounting need for capital investment, which benefits German exporters in particular.

On the import side, where the trend for the Bank's business proved to be encouraging, the sustained upswing of the West German economy was a positive force. In view of the substantial expansion planned by many firms, capital goods played a key role here, but imports of consumer goods were also buoyant.

Our outlets abroad in the European financial centres recorded the strongest growth – this, again, reflecting Europe's newly-won drive. However, their growth is partly attributable to the stable exchange rates within the European Monetary System. By contrast, the increase in volume of dollar and yen-denominated credits, for instance, was due to exchange-rate movements and does not emerge properly when converted into D-marks. All in all, we further expanded the business volume of our worldwide network of operative units, intensified the links with our customers, and broadened our customer base.

We have increased our Asian activities by opening representative offices in Bangkok (picture), Seoul and Bombay.



### Opening-up in the East

Flourishing business was not confined to the western part of Europe. The opening-up of the countries on West Germany's eastern flank has clearly revealed their need for imports. Enormous demand exists for capital and consumer goods, which can only be met by suppliers from the West in the foreseeable future. West German exporters have a good starting position here, as the countries between the Ore Mountains and the Urals used to be traditional markets of German industry. Moreover, German banks possess special know-how in trade with the Eastern bloc.



Yet in view of the critical debt position of certain countries, the risks attaching to new lending should not be overlooked. Given the promising perspectives, however, we believe that we will be able to provide full financial support for business expansion and can promote such growth through initiatives of our own. These primarily include our activities in traditional foreign trade business, the arranging of credits and bond issues, as well as the setting-up of representative offices in Budapest, Prague and Warsaw. These will assume special duties, above all in connection with the funding of joint ventures and the search for appropriate business partners.

#### **Pick-up in trade with less developed countries**

Trade with the less developed countries recovered from its phase of weakness. As a result, the West German economy provided substantial impulses for the Third World. Once again, Asia fared especially well. We have increased our involvement in this growth region. Our existing operative units were able to expand their lending and securities business. They have been joined by new outlets: in Seoul, Bombay and Bangkok, we opened representative offices; in Singapore, a branch office has taken its place alongside our subsidiary COSEA.

The termination of hostilities between Iran and Iraq encouraged business with the Opec nations. As tensions eased, business relations with the Arabian Gulf states returned to normal. We have attempted to overcome the barriers to more intensive trade that are created by the narrow range of goods offered by these states by promoting barter deals, in part via third



In view of the new perspectives in Eastern Europe, we shall soon be represented in Budapest (picture), Prague and Warsaw.

countries. Through co-financing arrangements in conjunction with the World Bank, we have also tried to tackle the special structural problems of numerous less developed countries.

Our North American business was strongly influenced by the flagging performance of the local economy and the fluctuations of the dollar. Despite on the whole moderate export growth, the Bank handled a substantial amount of commercial business. Our North American outlets also extended the scale of their activities further. Great opportunities arose for them through their involvement in the financing of corporate takeovers, yet considerable risks were entailed as well, which we were always able to limit through a strictly selective approach to lending.



### **Debt problem unsolved**

In Latin America, the debt problem continued to restrict the scope of business. However, short-term commercial transactions provided a good basis for activities. Otherwise, the situation was influenced by the Brady Plan, put forward in March 1989, and its practical implementation, especially in the case of Mexico. Creditor banks were given the choice of either making new loans available or waiving part of the interest or principal repayments on the claims they hold. Negotiations took longer than expected; it was not until February of this year that the signing could take place. Most creditor banks – including ourselves – have opted to forego part of their claims with regard to interest or principal. The volume of new lending thus amounts to less than the Mexicans had expected.

It is not clear whether this package has really brought a solution of the debt issue nearer or whether it has tended to make it more difficult for Mexico to raise new finance. As a result, the whole debt problem has become more rigid as now virtually every debtor country is inclined to call upon its creditors to waive their claims, even if it is on the way to economic recovery. We remain convinced, however, that a waiving of claims is not the right way to solve the debt crisis. The newly industrializing countries of Latin America with their abundant natural resources – for example, minerals, sources of energy and agricultural products – ought rather to adopt policies which create the confidence needed for both close cooperation with the banks and a repatriation of the

funds transferred abroad by their own citizens. For the debtor countries, regaining access to the capital markets must take priority over debt reduction.

### **Correspondent banking relations intensified**

The relations we maintain with our correspondent banks around the world are growing ever more intensive, underlining the trend towards global banking. The link-ups between the world's markets are becoming ever more close. This development is proceeding hand in hand with a sustained expansion in SWIFT transactions and a growing volume of clearing business.

The increase in external trade was also clearly reflected in our documentary letter-of-credit business, with the Middle and Far East well to the fore. Here we were involved both directly and in third-country transactions. We maintained our position as regards forfaiting, an arrangement especially suited to the conditions of trade with Eastern bloc countries.

### **Mounting need for information**

Our customers have a constantly mounting need for information on foreign business, although West German firms' activities in the international markets are already virtually without parallel elsewhere. Smaller companies in particular are focusing even more on foreign markets.

Apart from the unification process in Western Europe, the opening-up of the countries to the east of the Federal Republic is a key factor in this respect. Frequently, firms are seeking partners for closer cooperation or they want to establish subsidiaries of their own. There



is especial demand for information on the conditions for setting up and running joint ventures.

### **Our international organization**

The ever more closely knit network of our bases and representative offices round the world also corresponds to the intensification of international economic relations. In the meantime, we maintain more than 40 outlets of our own in over 30 countries, from which we are often able to cover an even larger number of neighbouring countries in some detail. A major task of our staff abroad is to look after German customers in the foreign markets. In addition, our operative bases in the various markets try to adapt as far as possible to the national environment and compete with the local banks.

In Korea, we have been represented since 1979 through an interest – now equal to 21% – in Korea International Merchant Bank (KIMB), Seoul. With its consistently good earnings performance during the first nine months of the current business year (April 1, 1989 to March 31, 1990), KIMB expanded its business volume by approximately a quarter again to reach the equivalent of roughly DM2.6bn. Foreign-currency loans (up 15%) and leasing business (up 20%) were instrumental in achieving this result. The bank's activity as a manager and underwriter of won-denominated bond issues for industrial clients (up 47%) was also extended considerably.

In compliance with national stipulations, KIMB placed a capital increase on the Seoul stock exchange in August 1989 and issued shares for its staff at a preferential price. As a result, it received new equity funds amounting to slightly

more than DM55m altogether, allowing it to expand its profitable operations further.

In autumn 1988, we had raised our interest in Unibanco – Banco de Investimento do Brasil S.A., São Paulo, to 19.4%. Last year, the commercial and investment banks of the group merged to form Unibanco – União de Bancos Brasileiros S.A. We now hold a 10.2% stake in this successfully operating institution, which is one of Latin America's three largest private banks.

Through our stake in KIMB, Seoul, we have been active since 1979 in the dynamic Korean market.





## Staff and welfare report

In view of the dynamic business trend and the tasks banking faces in the future, we increased our total staff somewhat, by 1.2%, on average and calculated on a full-time basis, last year. Our personnel activities were focused on further enhancing the skills of our staff. Above all, we stepped up efforts to promote the careers of our specialists and managerial staff by means of selective advanced training measures and special programmes.

### Advanced training attuned to new products

In addition to the already established seminars, fresh emphases developed in advanced training through Commerzbank's broader approach to *Allfinanz* in 1989 and the start of options and futures trading on the DTB. Through cooperation with Leonberger Bausparkasse, for example, our customer counsellors were made familiar with the new home loan savings products. In addition, the basis for our successful start on the DTB was laid by means of an intensive course, involving training at special simulators and a final examination.

### A tripartite approach to career planning

The investment we make in our young employees in particular represents the cornerstone of our future market success. Taking the certified bank clerk apprenticeship as a starting point, we offer ongoing bank clerks a special tripartite programme which not only holds out promising prospects but also marks a genuine alternative to university study.

Even during the basic training period, especially qualified apprentices are selected within the framework of personnel development for this three-stage promotion scheme. The final bank clerk examination is followed by a six-month orientation phase, leading to further specialization in one area of banking. Parallel to this, participants attend the Bank Academy, an institution maintained jointly by the German banks. The third stage, the junior executive training scheme, then prepares them for a responsible specialist or management position.

In addition, a number of internal "assessment centres" are run annually to encourage the development of future executives.

### Data on Commerzbank's personnel\*)

	1989	1988	in %
Total staff (Group)	26,752	26,478	+ 1.0
Total staff (Parent Bank)	24,067	23,793	+ 1.2
– incl.: based abroad	983	943	+ 4.2
– incl.: apprentices (West Germany)	2,185	2,286	– 4.4
– incl.: junior executives (West Germany)	433	434	– 0.2
Permanent staff <sup>1)</sup>	21,144	20,759	+ 1.9
Ratio of apprentices to permanent staff <sup>2)</sup>	10.3%	11.5%	–
Years of service			
– more than 10	43%	47%	–
– more than 20	15%	16%	–
Staff turnover <sup>3)</sup>	6.3%	4.8%	–
Total pensioners and surviving dependents	5,868	5,586	+ 5.0
– incl.: those retiring during the year	401	371	+ 8.1
Total entering early retirement	233	208	+12.0

\*) Full-time staff <sup>1)</sup> employees excluding apprentices, junior executive staff, temporary staff, volunteers and female staff on maternity leave <sup>2)</sup> in terms of permanent staff in West Germany <sup>3)</sup> due to staff giving notice

### Personnel costs and welfare benefits

in DM m	1989	1988	in %
Personnel costs	1,848.7	1,761.1	+ 5.0
– incl.: wages and salaries	1,448.1	1,380.7	+ 4.9
– incl.: social insurance contributions	216.4	209.9	+ 3.1
– incl.: pensions, pension fund contributions and benefits	184.2	170.5	+ 8.0
Employer's contributions to <i>Beamtenversicherungsverein</i> *)	56.1	52.7	+ 6.5
Expenditure			
– on special payments for long and faithful service	7.8	6.2	+25.8
– on issue of Commerzbank shares to our staff	5.7	6.5	–12.3

\*) A supplementary pension fund of the private-sector banks



**Junior executive scheme  
– the second way into the Bank**

University graduates usually enter Commerzbank via the junior executive training scheme. Personality is the key criterion in the selection of applicants. Modern banking requires above all entrepreneurial thinking, team spirit, creativity and the ability to communicate. With a view to the Single European Market, Commerzbank has once again trained a group of junior executives from abroad possessing an excellent command of German.

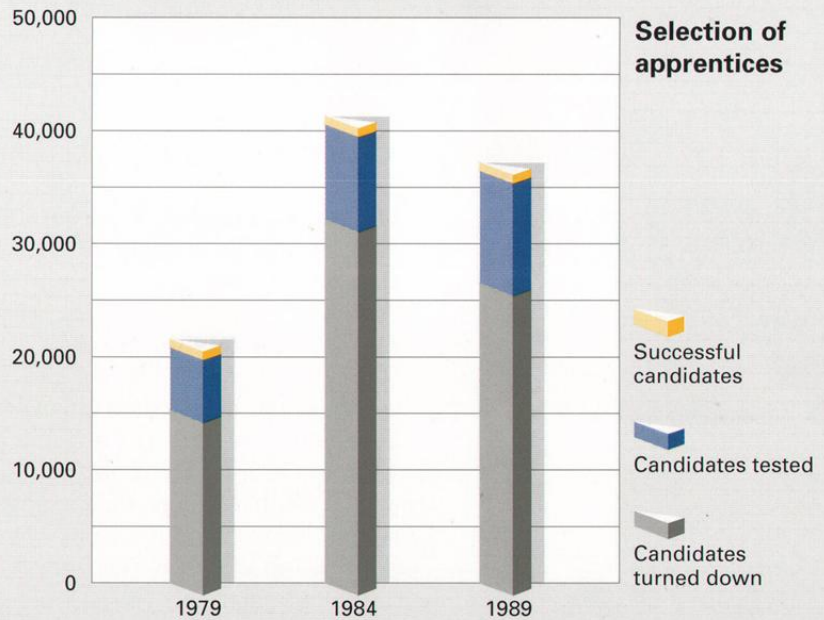
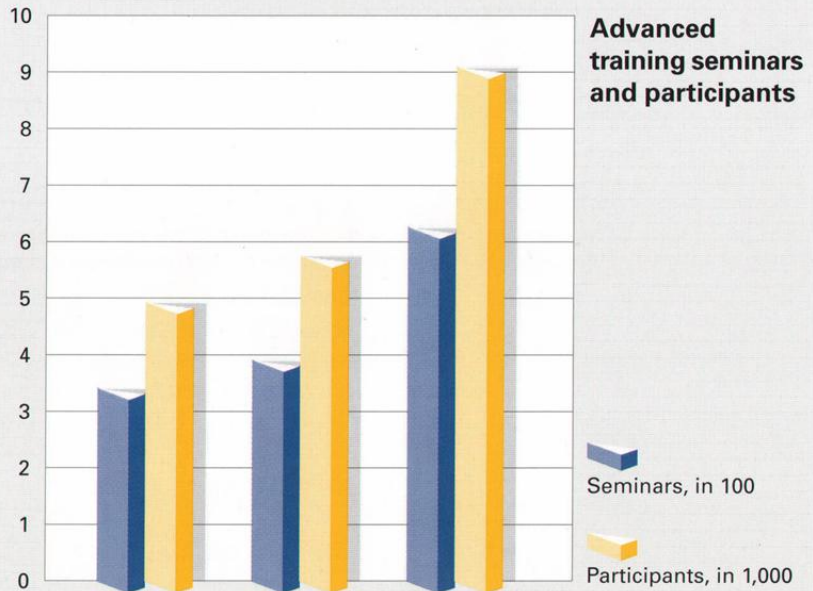
**Investing in the future:  
close contact with students**

Not least due to demographic trends, the recruitment of qualified staff will become ever more difficult. Consequently, it is important to keep up contact with former employees who, upon completing their basic training, decide to study. In 1985, we set up a special group which successfully acts as a link between students and the Bank.

**Cooperation**

- with the employee representatives was again constructive and based on mutual trust in 1989. In the course of the year, five new internal agreements were concluded with the central staff council. Open-mindedness and commitment to the common cause also characterized the regular discussions with the economic committee and the senior staff spokesmen's committee.
- with our personnel was once more successful and revealed a highly dynamic attitude, for which we should like to thank all our staff. We also extend our special gratitude to those employees who retired last year, most after long years of service.

**The training of our staff**



We shall always honour the memory of those employees who died in the past year.



## Women in the Bank

In banking, too, the number of women who identify with their job and do a great deal to enhance their personal and professional qualifications is steadily increasing.

More and more women are taking over responsible specialist and management positions at Commerzbank. The basis for this is provided by the training our female employees receive, which has been improved considerably over the past 10 years. To a mounting degree, the Bank can draw upon female junior executives, who now account for almost 30% of the total figure for this group.

### No fixed-quota system

This positive trend underlines the fact that, in our Bank, women are being constantly better prepared for their careers.

In future as well, Commerzbank will continue to set store by the abilities and the commitment of its female staff. For us, personality and performance, rather than sex, are decisive in our acceptance of and support for people.

### Special coordination team

A newly established coordination team devoted to the topic of "women in modern banking" derived valuable inputs for its activities not least from the results of our end-1987 staff survey. This circle of dedicated men and women drawn

from each segment of Commerzbank's personnel division primarily analyses the situation of our female staff and supports initiatives for further improvements.

### Return made much easier

The main thrust of the coordination team's efforts went into the internal agreement, effective as from January 1, 1990, launching a programme to reintegrate former Commerzbank employees who had left to rear a family.

Months before the 1989 pay negotiations began, we met employee representatives to discuss concrete measures which make it easier for employees gradually to resume their career with us after



### Commerzbank's reintegration programme

#### – Preferential treatment

given to those taking part in this scheme when they wish to return to the Bank after an at-home phase. The length of absence can be as much as seven years if several children are born.

#### – Promoting job skills

- the latest information on the Bank and its products
- advanced training courses
- opportunity to stand in for employees who are sick or on holiday

#### – Broad social benefits

even during the at-home phase



the birth of a child and several years spent in providing intensive care.

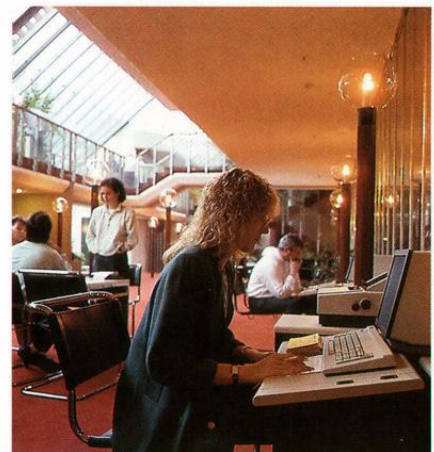
The detailed and constructive discussions produced a formula representing the first accord at a universal bank for improving the equality of opportunity for working women. Naturally, this also influenced the negotiations between management and unions at the private-sector banks.

In several points, though, our internal agreement goes far beyond the negotiated solution. It is, therefore, all the more likely to have a positive effect on the situation of our male and female employees who have decided to combine family and career.

from providing regular information packages and giving such personnel the chance of temporarily helping out if others are either on vacation or sick, this programme also encourages participation in external advanced training measures during the family-leave phase.

What is more, the reintegration scheme offers former employees during this phase a variety of social benefits. Designed to improve the social security of young families, these cover provision for old age, at both Bank and industry level, and also benefits intended to maintain and promote contact with the Bank and former colleagues.

We are firmly convinced that as a result we shall be able to wel-



It is Commerzbank's wish to preserve contact with as many experienced employees as possible while they are at home looking after a family and to make it easier for them to maintain their skills and later become reintegrated. Apart

come back many employees at Commerzbank once their families no longer need intensive care.

Commerzbank sets great store by the skills and commitment of its staff.



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## **Report on the Bank's Performance**

### **The Group**

Commerzbank AG, the Parent Bank, cooperates closely with the companies affiliated with it in the Commerzbank Group. Particular importance attaches to the role played by the domestic and foreign credit institutions and by the financial consultancy and leasing firms among its members. Details of the latter's activities and performance are given in the Notes on the Parent Bank's Annual Accounts as well as in the Group's Report, Accounts and Financial Statement. At the end of 1989, the Group's business volume (balance sheet total plus endorsement liabilities) stood at DM193.8bn, an increase of DM11.4bn, or 6.3%, on the year-earlier level of DM182.4bn.

The consolidated balance sheet total went up by 6.2% in 1989 to DM191.6bn. The Parent Bank accounted for approximately 59% of the gross assets before elimination of intra-Group balances. The latter's aggregate lending was up 4.8% at DM126.5bn, and the overall volume of its borrowed funds showed a 5.8% expansion at DM180.8bn.

### **Parent Bank's business volume**

The business volume of the Parent Bank reached DM127,159m at the balance sheet date (December 31, 1989), up 8.6% on the end-1988 level of DM117,083m. On average over the year, the business volume amounted to DM121,307m in 1989, a rise of 10.7% on the 1988 average of DM109,575m. Of the 1989 year-end total, DM39,294m was contributed by the foreign branches which thus had a share of 30.9%, as against 34.0% at end-1988.

The Parent Bank's total assets increased by DM9,778m, or 8.5%, to DM125,034m in the year under review which, however, saw a rise in the real external value of the D-mark so that, due to currency translation, the volume of additional business actually achieved was rather more than the figures suggest. Expressed in D-marks, the changes in the utilization of new funds that were instrumental in bringing about such expansion are illustrated in the table on the opposite page.

### **Liquid funds**

Another year of strong demand by both its private and business customers for longer-term funds as well led Commerzbank further to step up its funding at the long end. Here we made use of the possibilities offered by the international capital markets and entered into interest and currency swap agreements on a reasonable scale. To cover its domestic short-term liquidity needs, the Bank can have recourse either to the German money market or to the Bundesbank, and to secure its solvency abroad, at any time and also in foreign currencies, standby credit lines are maintained with a number of foreign banks on a mutual basis.

### **Lending**

Total lending to banks and non-banks (excluding loans on a trust basis and guarantees) rose by DM4,657m, or 6.9%, since end-1988.



## Total lending

	1989	1988
Loans to customers		
a) short and medium-term	DM32,899m = 45.3%	DM29,812m = 43.9%
b) long-term	DM32,304m = 44.5%	DM29,326m = 43.2%
	DM65,203m = 89.8%	DM59,138m = 87.1%
Loans to banks		
a) short and medium-term	DM 2,180m = 3.0%	DM 1,721m = 2.5%
b) long-term	DM 2,219m = 3.1%	DM 2,377m = 3.5%
	DM 4,399m = 6.1%	DM 4,098m = 6.0%
Book and acceptance credits	DM69,602m = 95.9%	DM63,236m = 93.1%
Bills discounted	DM 2,983m = 4.1%	DM 4,692m = 6.9%
	DM72,585m = 100.0%	DM67,928m = 100.0%

In the year under review, the share of longer-term loans in the Bank's overall lending increased once again, from 46.7% at end-1988 to 47.6%. Funds extended at longer terms were, inter alia, financed through bonds issued by the Parent Bank with maturities of more than four years amounting to DM2,369m and through DM21,602m in 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 proceeds of foreign-currency bonds issued by members of the Commerzbank Group. Where so provided for in the agreements with the respective original lenders, funds were passed on to the final borrower on the terms set by the former.

## Utilization of new funds in 1989

	in DM m		in DM m
Source of funds		Application of funds	
<i>Increase in liabilities</i>	(10,501)	<i>Increase in assets</i>	(12,644)
a) bank deposits	8,701	a) cash reserves, cheques, and collection items	1,150
b) customers' deposits	918	b) claims on banks	4,912
c) provisions	252	c) short and medium-term loans to customers	3,087
d) equity capital	477	d) long-term loans to customers	2,978
e) other liabilities	153	e) investments (subsidiaries, associated companies, and trade investments)	189
<i>Reduction of assets</i>	(2,509)	f) fixed assets	
a) bills of exchange	2,007	fa) land and buildings	60
b) treasury bills	296	fb) office furniture and equipment	213
c) bonds and shares	63	g) other assets	55
d) other assets	143	<i>Reduction of liabilities</i>	(538)
<i>Depreciation on fixed assets</i>	172	a) own bonds	129
		b) own acceptances	247
		c) other liabilities	162
	13,182		13,182



Book and acceptance credits showed a rise of DM6,065m, or 10.3%, in loans to customers, with lending to banks advancing by DM301m, or 7.3%.

Bill discounts decreased by DM1,709m, or 36.4%, to DM2,983m. This includes DM2,125m of rediscounted bills representing 71.2% of our total bill portfolio at year-end.

Bills discounted by our foreign branches plus book and acceptance credits extended by them reached DM20,617m, or 28.4% of aggregate lending of this type, compared with DM21,368m, or 31.5%, at end-1988.

In structuring our lending according to loan size, we avoid too great an overall weight of individual large-volume loans because of the risks involved.

In 1989, we again had to add to our loan loss reserves. We required considerably less cover at end-1989 than a year earlier for risks relating to changes in the standing of borrowers. The customary caution was applied in providing for such risks. The situation of the countries which we consider to represent heightened lending risks has on the whole deteriorated; the allocation to our loan loss reserves was once more almost half as high again as in 1988.

#### Borrowed funds

	1989	1988
Liabilities to banks		
a) demand	DM 5,791m = 5.0%	DM 4,278m = 4.0%
b) time	DM 28,082m = 24.0%	DM 29,724m = 27.6%
	DM 33,873m = 29.0%	DM 34,002m = 31.6%
Customers' deposits		
a) demand	DM 18,157m = 15.6%	DM 14,099m = 13.1%
b) time	DM 45,296m = 38.8%	DM 41,076m = 38.2%
c) savings deposits	DM 13,919m = 11.9%	DM 13,496m = 12.6%
	DM 77,372m = 66.3%	DM 68,671m = 63.9%
Bonds issued	DM 4,442m = 3.8%	DM 3,524m = 3.3%
Acceptances outstanding	DM 1,092m = 0.9%	DM 1,339m = 1.2%
Total borrowed funds	DM116,779m = 100.0%	DM107,536m = 100.0%

While funds due to other banks declined by DM0.1bn, we raised our claims on the latter by DM4.9bn in a year-on-year comparison. Our net interbank lender position at end-1989 amounted to DM3.1bn, as against a net borrower position of DM1.9bn at end-1988.

The above table shows that the Bank funded its lending by taking in an additional DM2.6bn of time deposits; yet demand deposits in particular went up by DM5.6bn altogether, due among other things to random factors relating to the reporting dates. In the first four months of the year under review, savings deposits fell by almost 4%; from May onwards, they gradually increased to stand 3.1% higher at end-1989. However, their overall advance of DM423m was only marginally greater than the interest credits as per December 31, 1989. All told, our own bonds in circulation rose by



DM918m on balance, those at short and medium term increasing by DM1,526m. The volume of our own acceptances outstanding was down by DM247m on end-1988.

At end-December, 1989, long-term funds at our disposal broke down as follows:

	DM m
Term deposits from other banks	8,261
Term deposits from customers	13,341
Savings deposits at 4-year period of notice	391
Bonds outstanding	2,369
	24,362

In addition, a total of DM2.1bn of funds was deposited with us under the various savings plans we offer.

#### **Investments as shown in the balance sheet**

Of the investments as shown in the balance sheet, DM1,685m represent holdings in credit institutions and DM1,429m in non-banks. As required by Section 285 (11) of the German Commercial Code (HGB), companies in which we or affiliates of ours have a one-fifth minimum stake are listed in the Notes on the Parent Bank's Annual Accounts. Details on the DM189m rise in the book value of our holdings in subsidiaries and affiliated companies and in our trade investments are also given there.

The DM86m increase in the interests we hold in credit institutions is the result of DM107m additions to existing holdings, of DM9m disposals and of DM12m write-downs. New acquisitions were insignificant. Of the DM103m rise in our stakes in non-banks, DM60m relate to new purchases, DM57m to expansions and DM14m to disposals.

The rise in our bank holdings relates to nine items in all. Worthy of mention is the increase of our stake in Banco Hispano Americano S.A., Madrid. The merger of Deutsche Schiffahrtsbank AG, Bremen, and Deutsche Schiffsbeleihungsbank AG, Hamburg, to form Deutsche Schiffsbank AG, Bremen/Hamburg, has also led to an increase in our interest; we now hold just under 40% of the capital of this newly-created ship mortgage bank. The disposals concern six individual items. In addition to an insignificant residual amount, we have written off our entire stake in a foreign bank due to be liquidated shortly.

Acquisitions among the non-banks are split between ten items altogether, the two most important being our interest in Boge AG, Eitorf, which now amounts to 24%, and our 60.1% holding in ADV/Orga F.A. Meyer AG, Wilhelmshaven. At the start of 1990, we sold 50.1% of the shares of this company again. We increased the shareholder loan which we granted to Stella Automobilbeteiligungsgesellschaft mbH, Munich; moreover, we also participated in the capital increase of DTB Deutsche Terminbörse GmbH, Frankfurt.



Under disposals, the sale of our 25% interest in Kistra Beteiligungsgesellschaft mbH, Frankfurt, should be mentioned.

At the start of the present year, we acquired new stakes in the following companies:

Versicherungs-Holding der Commerzbank + Partner AG, Wiesbaden,

Karl Baumgartner und Partner Consulting KG, Sindelfingen.

Rossmas Beteiligungsgesellschaft mbH, Frankfurt, already disposed of its interest in Didier Werke AG, Wiesbaden, in 1989; we shall receive our share of the proceeds in 1990.

### **Syndicate and securities business**

1989 was an encouraging year for syndicate and securities business as a whole, with commission earnings up 22%. Issuing activity, however, was determined by the strong increase in interest rates, which took on an inverse pattern due to the above-average rise in yields for short and medium-dated paper. Moreover, the early announcement that the 10% withholding tax on interest income was to be abolished as from July 1 influenced investors' behaviour. The volume of foreign DM bond issues, which were not subject to withholding tax, receded from DM41bn in 1988 to just under DM30bn. Nonetheless, we managed to defend our position successfully. We acted as lead-manager for 17 foreign DM bond issues, serving as co-manager in 70 instances. International lending was very strong; here, we were careful to secure a position in the management of the respective banking syndicate. Thanks to the higher tax receipts of the Federal and state governments, issuing activity also declined in the case of German domestic bonds. All in all, we were involved in 14 German public-sector bond issues with an overall volume of DM37.5bn. Turnover of German shares practically doubled last year, while foreign equities added almost 50%.

Partly by ourselves and partly together with other banks, we arranged for nine companies to go public. These were the German firms GEA AG, Bochum, HAKO AG, Bochum, and Schweizer Electronic AG, Schramberg, as well as six from abroad: Emess PLC, London, Grand Metropolitan PLC, London, Hewlett-Packard Company, Palo Alto, USA, Koninklijke Nedlloyd Groep N.V., Rotterdam, Koninklijke Nederlandse Vliegtuigenfabriek Fokker, Amsterdam, and Rémy & Associés S.A., Paris.

### **International activities**

In the year under review, the momentum in the Bank's foreign business was preserved fully intact; commission earnings in this area grew by 11%. We have added further to our presence in the international markets by creating new outlets. Representative offices were opened in Bangkok, Bombay, Milan and Seoul; since January 1990, we have a branch office in addition to our subsidiary COSEA in Singapore, which will look after local business. In 1988, we raised our stake in Unibanco – Banco de Investimento do Brasil S.A., São Paulo. Through the merger last year of the Unibanco group's commercial and investment banks, Unibanco – União de



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Bancos Brasileiros S.A. was formed, a private-sector bank in which we hold a 10.2% interest. We now have a presence in over 30 countries with more than 40 outlets and the trend will continue to point upwards in the near future as well.

In actual figures, the business volume of our foreign branches showed a marginal decline on end-1988. In view of the real-term expansion achieved, this reflects both the provisions made for risks in countries re-scheduling their debt, which are deducted from the credits in question, and also the decline of the US dollar. Our banking subsidiaries abroad stepped up their business volume and once again contributed strongly to overall expansion. In view of the ever closer link-ups between the world's markets, the relations we maintain with our foreign correspondent banks are becoming increasingly intensive.

### **Earnings performance**

In the year under review, our earnings performance was on the whole positive. At DM804m, the Parent Bank's partial operating result – which is arrived at by subtracting personnel and other operating expenses and the current depreciation on fixed assets and equipment from the sum total of net interest, dividend, and commission income – was DM128m, or 19.0%, higher than in 1988; the respective year-on-year increases as reported in our Interim Reports per mid-year and per end-October were only 0.6% and 15.6%. The overall operating result – which, in addition, includes own-account transactions as well as other current income and expenditure items – was somewhat better than a year earlier.

Net interest and dividend income – which is the balance of interest from lending and money-market transactions plus current income from bonds, other securities, and "investments" and income from profit-transfer agreements, minus total interest expenses – amounted to DM2,451m; this rise of 4.2% resulted from the expansion in business volume. The average interest margin for the year receded once more, from 2.15% in 1988 to 2.02%. Net commission income was again up on the year-ago figure at DM1,110m, advancing by DM167m or 17.8%. The biggest gains in 1989 were recorded by commissions earned in our securities and syndicate operations, followed by higher receipts from account management and other charges, and also in our foreign commercial business.

Total operating expenditure went up DM137m, or 5.2%, with most of the increase accounted for by personnel costs rising DM88m, or 5.0%, to DM1,849m. Other operating expenses amounted to DM737m, representing an increase of DM42m, or 6.1%. Depreciation on fixed assets and equipment climbed by 4.3% to DM172m.

Tax expenditure came to DM443m, as against DM301m in 1988; only to a marginal degree was the DM142m rise due to the increase of DM22m in net income for the year. In making the necessary provision for country risks in 1989, we concentrated on our US branches, which produced a shift in the overall pattern of results. This led to a greater share of the aggregate earnings being achieved in West Germany, which in turn meant that higher taxes were incurred as the country's municipal trade tax is directly related to earnings.



Although we were able to produce a better result in our own-account equities transactions, the profit from such dealings in the securities sector as a whole was down on the year because of the higher interest level; the same applies to own-account currency transactions. While the write-downs on our securities holdings in accordance with the lower-of-cost-or-market rule were substantial, higher earnings were achieved on extraordinary account through the sale of shares and the redemption of bonds.

As hitherto, we have adequately provided for all discernible risks. We have made full use of the possibility to set off earnings from the lending business and profits on securities transactions against write-downs on securities and value adjustments to credits as well as additions to loan loss reserves.

Since the business of our major domestic and foreign subsidiaries is structured differently from our own, and the relative weight of the various currencies also differs, the operating result of the Group was slightly lower than in 1988.

**Proposal on appropriation of profit**

After allocating DM100,000,000 to other revenue reserves, the remaining, distributable profit is

DM266,921,241.

Commerzbank herewith proposes to its shareholders that DM225,483,741 of this amount be used for the distribution of a dividend of DM9 per DM50 nominal share.

With the DM5.06 tax credit for shareholders who have unlimited tax liability in West Germany included, 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 1989, of 1.5% of the certificates' face value.



## Equity capital according to Section 10 of the German Banking Act (KWG)

Following the allocation of DM100.0m to other revenue reserves from the net income for the past business year, the Bank's equity capital as defined in Section 10 of the German Banking Act (KWG) amounts to DM5,273m, up from DM4,796m at end-1988; both figures correspond to 4.2% of the balance sheet totals for either year. Details of the Bank's equity capital structure and the changes that occurred in it over the year under review are given in the Notes on the Parent Bank's Accounts, as required by Section 264 (1) of the German Commercial Code (HGB).

## Perspectives

As the economic prospects continue to be encouraging, we are confident that we will be able to maintain the positive performance of both the Parent Bank and the Group in 1990 as well. The uncertainty surrounding the trend for interest rates makes it difficult to forecast how the Bank's interest-related business will fare. With interest margins narrower, it will continue to be important to counter increases in operating costs through volume growth that remains focused on earnings and to step up fee-earning activities even further.

Although prospects for economic performance, worldwide and also in West Germany, seem to be encouraging on the whole, we do not for the time being see any easing of tensions as regards country risks. Yet we are convinced that we will be able to achieve another satisfying overall result in the current year.



**BALANCE SHEET AS AT DECEMBER 31, 1989**

			Dec 31, 1988	
Assets	DM	DM	DM	DM1,000
Cash on hand			539,038,415.07	427,042
Balance with Deutsche Bundesbank			4,597,824,629.51	3,709,809
Balances on postal giro accounts			13,129,495.34	21,565
Cheques, matured bonds, interest and dividend coupons, items received for collection			365,188,971.38	206,718
Bills of exchange			857,847,615.80	2,864,764
incl.: a) rediscountable at Deutsche Bundesbank	388,187,867.74			
b) own drawings	59,893,500.02			
Claims on banks				
a) payable on demand		7,616,804,544.70		1,924,099
b) with original periods or periods of notice of				
ba) less than three months		9,631,155,750.26		10,360,568
bb) at least three months, but less than four years		16,969,558,514.49		16,960,197
bc) four years or more		2,818,731,746.60		2,879,117
			37,036,250,556.05	32,123,981
Treasury bills and discountable Treasury notes, issued by				
a) the Federal and Länder Governments		636,648,177.59		787,359
b) others		426,465,408.86		571,353
			1,063,113,586.45	1,358,712
Bonds and notes				
a) with a life of up to four years, issued by				
aa) the Federal and Länder Governments	656,970,138.89			
ab) banks	440,250,541.39			
ac) others	475,943,843.73	1,573,164,524.01		942,736
incl.: eligible as collateral for Deutsche Bundesbank advances	DM 965,923,308.09			
b) with a life of more than four years, issued by				
ba) the Federal and Länder Governments	1,860,659,435.56			
bb) banks	2,245,303,056.18			
bc) others	3,342,030,130.09	7,447,992,621.83		8,125,090
incl.: eligible as collateral for Deutsche Bundesbank advances	DM2,792,739,568.57		9,021,157,145.84	9,067,826
Securities not to be shown elsewhere				
a) shares marketable on a stock exchange and investment fund certificates		976,498,262.08		948,244
b) other		107,183,202.92		151,379
incl.: holdings of more than one-tenth of the shares of a joint-stock or mining company, unless shown as investments	523,552,890.47		1,083,681,465.00	1,099,623
Claims on customers, with original periods or periods of notice of				
a) less than four years		32,899,245,283.93		29,811,649
b) four years or more		32,303,633,415.87		29,326,321
incl.: ba) secured by mortgages on real estate	7,560,151,653.05		65,202,878,699.80	59,137,970
bb) communal loans	4,444,045,595.26			
Recovery claims on Federal and Länder authorities under post-war currency reform acts			27,230,832.14	30,829
Loans on a trust basis at third party risk			90,379,915.32	276,242
Subsidiaries, associated companies, and trade investments (investments)			3,114,383,000.00	2,925,331
incl.: investments in banks	1,684,678,000.00			
Land and buildings			728,206,000.00	686,796
Office furniture and equipment			642,996,000.00	583,089
Bonds and notes issued by Commerzbank nominal amount	148,095,000.00		148,748,293.11	142,835
Other assets			238,717,572.37	378,145
Deferred items				
a) unamortized debt discount (difference according to Section 250 (3) of the German Commercial Code – HGB)		177,184,668.45		134,333
b) other		85,748,765.79		80,020
			262,933,434.24	214,353
		<b>Total Assets</b>	125,033,705,627.42	115,255,630
<b>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</b>				
a) claims on affiliated companies			3,992,029,261.57	3,645,890
b) claims arising from loans falling under Section 15 (1) 1-6 and (2) of the German Banking Act, unless included under a)			280,797,164.42	258,386







**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 1989**

Expenses	DM	DM	1988 DM1,000
Interest and similar expenses		6,474,876,095.74	4,782,905
Commissions and similar service charges paid		64,932,760.43	51,672
Write-downs of and adjustments to claims and securities, and additions to provisions for possible loan losses		126,294,917.77	—
Salaries and wages		1,448,082,281.86	1,380,690
Compulsory social security contributions		216,449,458.50	209,936
Expenses for pensions and other employee benefits		184,198,625.28	170,468
Other operating expenses		737,205,427.35	694,712
Depreciation on and adjustments to land and buildings, office furniture and equipment		171,677,113.80	164,722
Write-downs of and adjustments to investments (subsidiaries, associated companies, and trade investments)		11,826,292.66	59
Taxes			
a) on income and assets	437,630,666.10		296,198
b) other	5,288,106.59		5,082
		442,918,772.69	301,280
Charges for losses assumed under profit and loss transfer agreements		54,054.61	—
Allocation to special item with partial reserve character		—	160,000
Other expenses		129,215,676.43	46,399
Net income for the year		366,921,241.00	344,952
	<b>Total Expenses</b>	<b>10,374,652,718.12</b>	<b>8,307,795</b>

	DM	1988 DM1,000
Net income for the year	366,921,241.00	344,952
Allocation to revenue reserves d) to other revenue reserves	100,000,000.00	100,000
Distributable profit	266,921,241.00	244,952







## Notes on the Parent Bank's Annual Accounts

### Changes in book value of tangible assets and investments

	Invest- ments*)	(incl.: in banks)	Land and buildings	Office fur- niture and equipment	(incl.: intangible assets)
	in DM m	in DM m	in DM m	in DM m	in DM m
Book value as of Jan. 1, 1989	2,925.3	1,599.1	686.8	583.1	2.3
Additions	224.4	106.7	67.2	219.1	2.7
Disposals	23.5	9.3	6.7	6.6	-
Write-downs/ depreciation	11.8	11.8	19.1	152.6	1.1
Book value as of Dec. 31, 1989	3,114.4	1,684.7	728.2	643.0	3.9

\*) subsidiaries, associated companies, and trade investments.

In respect of companies included in the consolidated annual accounts, Commerzbank AG, in proportion to its equity share, ensures that – except with regard to political risks – they are able to meet their liabilities.

Both the additions to and the depreciation on office furniture and equipment include minor-value items bought in 1989 worth DM12.7m.

### Special item with partial reserve character

Of the special item with partial reserve character formed through the allocation of DM160.0m at end-1988, in accordance with the General Directive of July 4, 1988 on the abolition of the General Directive concerning the approval for taxation purposes of global loan loss reserves built by credit institutions, DM80.0m was written back on the balance sheet date in line with tax stipulations.

### Capital and reserves

#### Profit-sharing certificates outstanding

The volume of profit-sharing certificates outstanding is unchanged at DM425.0m. The life of these paper is to end with the close of the 1995 financial year.

#### Share capital

At end-1988, the share capital (subscribed capital) amounted to DM1,130.6m; the following changes occurred in 1989: Using an authorization by the Annual General Meeting of May 18, 1984 to increase its capital in order to issue shares to the staff – under which authorization an amount of DM6.7m was still unused at end-1988 – the Bank, with the agreement of the Supervisory Board, augmented its share capital in March 1989 by DM4,146,550 through the issue of DM50 nominal shares at a price of DM224.50 each. In addition, a conditionally authorized increase of the share capital occurred through subscription to 2,358,049 DM50 nominal shares at a price of DM140 each by the holders of warrants previously attaching to 8% DM bonds with warrants issued in 1984/1989 by the Parent Bank.



On December 31, 1989, Commerzbank's share capital amounted to DM1,252,687,450; it was issued in the form of bearer shares as follows:

193,000 shares of DM1,000 nominal,  
320,000 shares of DM100 nominal, and  
20,553,749 shares of DM50 nominal.

#### Authorized capital increases

At the balance sheet date, authorizations still existed to increase the Bank's share capital by DM200.0m on the basis of an AGM resolution of May 22, 1987.

#### Conditionally authorized capital increases

Shown in the balance sheet is a further, aggregate amount of DM315,000,000 conditionally authorized for increases of the Bank's share capital; of this total, DM68,000,000 are earmarked to serve the subscription rights of the holders of warrants of the Parent Bank attaching to 7 $\frac{5}{8}$ % DM bonds with warrants issued by Commerzbank Overseas Finance N.V., Curaçao, with warrant rights to be exercised by 1989/1991 (DM110.0m) and 1989/1994 (DM60m), respectively. The remaining DM72,000,000 for a bond with warrants to be issued by April 30, 1993, in a currency still to be determined, by a wholly-owned foreign subsidiary of Commerzbank, have not yet been used. In addition, another DM175,000,000 are available until April 30, 1993 to serve the subscription rights of the holders of warrants attaching to convertible bonds or bonds with warrants to be issued by April 30, 1993 or of profit-sharing certificates either with warrants or bearing conversion rights.

#### Reserves

During the year under review, premia from capital increases of altogether DM226.7m, and DM27.9m from the sale of warrants from the 7 $\frac{5}{8}$ % DM bonds with warrants issued by Commerzbank Overseas Finance N.V., Curaçao in 1989, were added to the capital reserve.

Other revenue reserves were augmented by DM100.0m through an allocation from the net income achieved in the past financial year. Including this addition to reserves, the Bank's equity capital at end-1989 was made up as follows:

<b>Capital and reserves*)</b>		
in DM m	1989	1988
Profit-sharing certificates outstanding	425.000	425.000
Subscribed capital	1,252.688	1,130.639
Capital reserve	2,440.281	2,185.702
Revenue reserves		
a) legal reserve	6.000	6.000
b) other revenue reserves	1,149.000	1,049.000
Total	5,272.969	4,796.341

\*) as defined in Section 10 of the German Banking Act (KWG).



### **Contingent liabilities not revealed in balance sheet**

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 has liabilities under Section 24 of the German Private Limited Liability Companies Act (GmbHG).

In respect of its holding in Liquiditäts-Konsortialbank GmbH, the "life-boat" 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 it may incur in respect of actions taken for the benefit of domestic banks in which Commerzbank holds a majority interest.

At end-1989, DM3.0bn of our securities holdings were pledged as collateral in short-term fund-raising operations, primarily under repurchase agreements with the Deutsche Bundesbank.

The Bank's foreign operations make it necessary under the laws of and the practices followed in certain countries to furnish government bodies with security; this meant that a further DM1.3bn of the Bank's assets were tied by liens held.

### **Purchases and sales of the Bank's own shares**

In order to offer shares for subscription to our staff, the Bank's share capital in the year under review was increased by DM4,146,550 nominal through the issue of DM50 nominal shares at a price of DM224.50 each. In addition, we purchased 299 of our own shares at an average price of DM246.73. We sold altogether 83,230 of our own shares to employees of the Bank, of its subsidiaries, and of affiliated companies, at a preferential price of DM150 per DM50 nominal share.

We have shown the difference between the subscription price and the cost to the Bank at DM6.2m under personnel costs.

Securities transactions subject to disclosure in this Report that fall under Section 71 (1) 1 of the German Stock Corporation Act (AktG) consist of purchases at market price,

by us of 3,094,302 Commerzbank shares of DM50 nominal each,

and by companies controlled or majority-owned by the Bank of 20,900 Commerzbank shares of DM50 nominal each,

effected at various times during the year to ensure orderly market conditions for trading in our own shares. The weighted average buying price of these shares was DM256.48; they were sold at an average resale price of DM256.74, computed in the same way.



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The proceeds from these transactions were reallocated to working funds. The highest number of Commerzbank shares in our possession on one specific day in 1989 was 37,729 – of a total nominal value of DM1,886,450 – representing 0.15% 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.

At end-1989, collateral furnished by borrowers as security included:

281,528 Commerzbank shares of DM50 nominal each, pledged to us,  
and

29,517 Commerzbank shares of DM50 nominal each, pledged to companies controlled or majority-owned by the Bank.

The total pledged represented 1.2% of the Bank's share capital.

### **The Boards of the Parent Bank**

#### Supervisory Board

Dr. Raban Freiherr von Spiegel Chairman	Gerald Herrmann
Hans-Georg Jurkat Deputy Chairman	Dr. Hans-Jürgen Knauer
Herbert Bayer	Peter Kretschmer
Reinhold Borchert	Gabi Locher
Erhard Bouillon	Dr. Torsten Locher
Hugo Eberhard	Horst Sauer
Professor Dr. Herbert Grünewald	Hans-Georg Stritter
Dr. Uwe Haasen	Dr.-Ing. Hanns Arnt Vogels
Dr. Carl H. Hahn	Heinrich Weiss
	Dr. Gerd Wollburg <i>deceased on March 4, 1990</i>
	Wolfgang Ziemann

#### Board of Managing Directors

Walter Seipp Chairman	Martin Kohlhaussen
Erich Coenen	Klaus Müller-Gebel
Dietrich-Kurt Frowein	Jürgen Reimnitz
Kurt Hochheuser	Kurt Richolt
Götz Knappertsbusch	Axel Freiherr von Ruedorffer
	Jürgen Terrahe

### **Remuneration of Board and Council members**

For 1989, the remuneration paid to the Bank's Managing Directors amounts to DM9,613,190.64. Retired Managing Directors or their surviving dependents received altogether DM6,021,844.39. Payments to members of the Supervisory Board totalled DM1,423,860, and those to members of the Central Advisory Board DM434,682. Members of the Regional Advisory Councils were paid DM1,231,368.



At end-1989, provisions for pensions for retired Managing Directors and their surviving dependents totalled DM48,400,155; this amount fully covers our pension commitments towards this group.

<b>Average number off staff employed by Parent Bank during respective year</b>						
Full-time figures*)	1989			1988		
	total	male	female	total	male	female
West Germany	20,907	11,033	9,874	20,562	10,793	9,769
abroad	965	528	437	896	486	410
	21,872	11,561	10,311	21,458	11,279	10,179

\*) including the part-time workers listed below, at a rate of 63% (62% in 1988) of the standard working time that corresponds to the average time actually worked by them during either year.

Persons on part-time	1989			1988		
	total	male	female	total	male	female
West Germany	1,960	83	1,877	1,884	70	1,814
abroad	9	–	9	11	–	11
	1,969	83	1,886	1,895	70	1,825

Not included in the full-time figures as shown above are the apprentices on average trained by us during both years:

Apprentices	1989			1988		
	total	male	female	total	male	female
	2,025	1,033	992	2,051	1,064	987

### Holdings in affiliated and other companies (pursuant to Section 285 (11) of the German Commercial Code – HGB)

#### Affiliated companies (pursuant to Section 271 (2) of the German Commercial Code – HGB)

Name of company	Domicile	Share of capital held by Commerzbank in %	Share capital in 1,000 of stated currency	Result in 1,000
<b>Companies included in the consolidation</b>				
RHEINHYP Rheinische Hypothekenbank Aktiengesellschaft	Frankfurt	97.0	DM 1,069,774	77,750
Berliner Commerzbank Aktiengesellschaft	West Berlin	100.0	DM 468,150	43,100
Commerz-Credit-Bank Aktiengesellschaft Europartner	Saarbrücken	65.0	DM 54,125	4,000
von der Heydt-Kersten & Söhne	Wuppertal-Elberfeld	100.0	DM 10,000	2,503
Ilseeder Bank, Sandow & Co.	Peine	100.0	DM 7,500	2,000
C. Portmann	Frankfurt	100.0	DM 1,500	92
Commerzbank International S.A.**)	Luxembourg	100.0	DM 568,400	100,000
Commerzbank (Nederland) N.V.	Amsterdam	100.0	Dfl 63,000	106
Commerzbank (South East Asia) Ltd.	Singapore	100.0	S\$ 96,590	12,545
Commerzbank (Switzerland) Ltd	Zurich	100.0	Sfr 67,419	5,250
Commerzbank Capital Markets Corporation	New York	100.0	US\$ 17,928	300
CB Finance Company B.V.	Amsterdam	100.0	Dfl 12,779	13,919



### Affiliated companies (pursuant to Section 271 (2) of the German Commercial Code – HGB)

Name of company	Domicile	Share of capital held by Commerzbank in %	Share capital in 1,000 of stated currency	Result in 1,000
Commerzbank Overseas Finance N.V.***)	Curaçao	100.0	DM 10,430	8,314
Commerzbank U.S. Finance, Inc.	Wilmington/Delaware	100.0	US\$ 31	11
Atlas-Vermögensverwaltungs-Gesellschaft m.b.H.	Düsseldorf	100.0	DM 100	10,050*)
Aussenhandel-Förderungsgesellschaft mbH	Düsseldorf	100.0	DM 100	1
Berliner Commerz Beteiligungsgesellschaft mbH***)	West Berlin	100.0	DM 2,000	2,974*)
Berliner Commerz Grundstücks- und Verwaltungsgesellschaft mbH***)	West Berlin	100.0	DM 100	-605*)
Blue Jay Investments Ltd.***) (founded in 1989)	Dublin	100.0	DM 140,000	-
Casia Grundstücks-Vermietungs- und Verwaltungsgesellschaft mbH***)	Düsseldorf	97.0	DM 52	2
CICM (Ireland) Ltd.***)	Dublin	75.0	DM 413	-137
Commercium Vermögensverwaltungs-GmbH	Hamburg	100.0	DM 70	14*)
Commerzbank Investment Management Gesellschaft mit beschränkter Haftung	Frankfurt	100.0	DM 7,200	600
Commerz Beteiligungsgesellschaft mbH**)	Bad Homburg v. d. H.	100.0	DM 1,091	89
Commerz International Capital Management Gesellschaft mbH	Frankfurt	100.0	DM 10,262	41
Commerz- und Industrie-Leasing GmbH	Frankfurt	100.0	DM 10,200	6,031*)
Commerz- und Industrie-Leasing Berlin GmbH***)	West Berlin	100.0	DM 550	-797*)
GERAP Grundbesitz- und Verwaltungsgesellschaft mbH	Frankfurt	95.0	DM 50	73*)
Hamburgische Grundstücks Gesellschaft m.b.H.	Hamburg	100.0	DM 140	8*)
Immobilien- und Wohnungs-Gesellschaft mbH	Hamburg	100.0	DM 84	-54*)
L.I.A. Leasinggesellschaft für Immobilien und Anlagegüter mbH**)	Frankfurt	100.0	DM 1,508	8*)
Norddeutsche Immobilien- und Verwaltungs-GmbH***)	Hamburg	100.0	DM 50	1,884*)
Westboden Bau- und Verwaltungsgesellschaft mbH***)	Frankfurt	97.0	DM 103	3

### Companies not included in the consolidation

ADV/ORGA F. A. Meyer Aktiengesellschaft	Wilhelmshaven	60.1	DM 25,005	-13,783
Flender Werft Aktiengesellschaft	Lübeck	68.9	DM 25,000	-3,500 <sup>3)</sup>
Handelsgest S.A.R.L.**)	Luxembourg	100.0	DM 11,800	357
Indugest S.A.R.L.**)	Luxembourg	100.0	DM 27,288	1,738

### Further holdings in German financial institutions

Name of company	Domicile	Share of capital held by Commerzbank in %	Share capital in 1,000 of stated currency	Result in 1,000
ADIG Allgemeine Deutsche Investment-Gesellschaft mbH	Munich/Frankfurt	33.3	DM 50,770	17,840
Deutsche Grundbesitz-Investmentgesellschaft mbH	Frankfurt	25.0	DM 23,374	802
Deutsche Schiffsbank Aktiengesellschaft	Bremen/Hamburg	40.0	DM 136,450	-
Leonberger Bausparkasse Aktiengesellschaft	Leonberg	39.9	DM 292,107	14,737 <sup>3)</sup>
Liquidations-Casse in Hamburg Aktiengesellschaft	Hamburg	25.0	DM 2,896	310 <sup>3)</sup>



**Further holdings in other German companies**

Name of company	Domicile	Share of capital held by Commerzbank in %	Share capital in 1,000 of stated currency	Result in 1,000
Almüco Vermögensverwaltungsgesellschaft mbH – has holding of at least 20% in Francommerz Vermögensverwaltungsgesellschaft mbH, Frankfurt, and Heidelberger Druckmaschinen AG, Heidelberg –	Munich	25.0	DM 157,657	8,409
ALSTER Beteiligungsgesellschaft mbH & Co. KG	Frankfurt	20.0	–	–
AV America Grundbesitzverwaltungsgesellschaft mbH	Frankfurt	25.0	DM 120	20 <sup>3)</sup>
Boge Aktiengesellschaft	Eitorf	24.0	DM 90,028	8,070 <sup>3)</sup>
CGT Canada Grundbesitz Treuhand GmbH	Frankfurt	20.0	DM 99	–3 <sup>1)</sup>
Codema International GmbH***)	Frankfurt	50.0	DM 1,198	215 <sup>3)</sup>
Commerzbank Aktiengesellschaft von 1870+ +)	Hamburg	37.9	RM –	0
Commerz Unternehmensbeteiligungs-Aktiengesellschaft	Frankfurt	50.0	DM 40,533	568
Deutsche Canada-Grundbesitzverwaltungsgesellschaft mbH	Frankfurt	20.0	DM 129	–85 <sup>2)</sup>
Deutsche Gesellschaft für Anlageverwaltung mit beschränkter Haftung – has holding of at least 20% in Horten AG, Düsseldorf –	Frankfurt	25.0	DM 197,485	5,187 <sup>3)</sup>
Deutsche Gesellschaft für Immobilienanlagen „America“ mbH	Bad Homburg v. d. H.	25.0	DM 504	20 <sup>3)</sup>
Deutsche Grundbesitz-Anlagegesellschaft mbH	Frankfurt	25.0	DM 3,520	76
Deutsche Immobilien Leasing GmbH	Düsseldorf	50.0	DM 36,252	6,115 <sup>3)</sup> *
Eisen-Rieg Aktiengesellschaft***)	Darmstadt	23.8	DM 10,113	–152 <sup>3)</sup>
Francommerz Vermögensverwaltungsgesellschaft mbH – has holding of at least 20% in Hochtief AG vorm. Gebr. Helfmann, Essen –	Frankfurt	40.0	DM 190,556	12,556
Frega Vermögensverwaltungsgesellschaft mbH – has holding of at least 20% in Linotype AG, Eschborn –	Frankfurt	40.0	DM 203,990	5,238
GADES Grundstücks-Vermietungsgesellschaft mbH & Co. KG	Düsseldorf	49.0	–	–
Gesellschaft für Kreditsicherung mbH	Cologne	26.7	DM 375	75 <sup>3)</sup>
Hostra Beteiligungsgesellschaft mbH – has holding of at least 20% in Industriekreditbank AG – Deutsche Industriebank, Düsseldorf –	Düsseldorf	33.3	DM 201,583	11,407
Karstadt Aktiengesellschaft	Essen	25.0	DM 1,509,800	89,800 <sup>3)</sup>
Kautex-Bayern GmbH, Kunststoffwerk***)	Mallersdorf	40.0	DM 2,607	–3,170 <sup>3)</sup>
Kautex Werke Reinold Hagen AG***)	Bonn	40.0	DM 33,558	6,045
KVH Kreditverwaltungsgesellschaft Hamburg mbH	Hamburg	40.0	DM –1,955	1,441 <sup>3)</sup>
Lincas Electro Vertriebs-Gesellschaft mbH***)	Hamburg	25.0	DM 8,240	418 <sup>3)</sup>
Partner Immobiliendienst GmbH***)	Wiesbaden	24.0	DM 5,817	162 <sup>3)</sup>
Regina Verwaltungsgesellschaft mbH – has holding of at least 20% in MAN AG, Munich –	Munich	25.0	DM 525,289	20,404 <sup>3)</sup>
Rossmas Beteiligungsgesellschaft mbH – has holding of at least 20% in Bavaria Filmkunst GmbH, Munich –	Frankfurt	40.0	DM 59,147	2,935 <sup>3)</sup>
Stella Automobil-Beteiligungsgesellschaft mbH – has holding of at least 20% in Mercedes-Automobil Holding AG, Frankfurt –	Munich	25.0	DM 555,938	32,167
Treuhand- und Holdinggesellschaft mbH – has holding of at least 20% in BDO Deutsche Warentreuhand AG, Hamburg –	Frankfurt	50.0	DM 212	71 <sup>3)</sup>
Vermietungsgesellschaft SÜD für SEL-Kommunikationsanlagen mbH	Stuttgart	50.0	DM 3,448	348 <sup>3)</sup>
Willy Vogel Beteiligungsgesellschaft mbH***)	West Berlin	22.5	DM 47,153	–347 <sup>3)</sup>
Hans Wiebe Textil Aktiengesellschaft***)	West Berlin	20.9	DM 41,741	1,091 <sup>3)</sup>



### Further holdings in foreign financial institutions and in other companies abroad

Name of company	Domicile	Share of capital held by Commerzbank in %		Share capital in 1,000 of stated currency	Result in 1,000
ADIG-Investment Luxemburg S.A.	Luxembourg	37.5	DM	5,740	2,740 <sup>1)</sup>
Commerz Securities (Japan) Company Ltd.	Hong Kong/Tokyo	50.0	HK\$	150,535	5,994
UBAE Arab German Bank S.A.	Luxembourg/Frankfurt	25.1	DM	78,600	2,600 <sup>2)</sup>
Korea International Merchant Bank	Seoul	20.9	won	43,989,794	7,546,261
Europartners Holding S.A.**)	Luxembourg	33.3	Lfr	54,618	3,231 <sup>3)</sup>
Internationale Leasing-Gesellschaft S.A.***)	Luxembourg	50	Lfr	15,478	463
Kaufhof Tourism Holding B.V.***) (founded in 1989)	Amsterdam	37.5	Dfl	90,010	-

\*) company has profit and loss transfer agreement with either Commerzbank (Parent Bank) or with one of its affiliated companies;

\*\*\*) held in part indirectly;  
 \*\*\*) held wholly indirectly;

+) company has profit and loss transfer agreement with non-affiliated company;  
 ++) in liquidation.

All data refer to 1989 if not otherwise stated;

<sup>1)</sup> latest available annual statement as of Sept. 30, 1988;

<sup>2)</sup> latest available annual statement as of Oct. 31, 1988;

<sup>3)</sup> latest available annual statement as of Dec. 31, 1988.

Düsseldorf, March 6, 1990

The Board of Managing Directors

*Wim Olfert*

*Andreas Wappler*

*Dieter Wappler*

### Auditors' Certificate

The accounting and the annual accounts and financial statement, which we have examined with due care, comply with German law and the Company's statutes. The annual accounts and financial statement, which have been drawn up and presented in compliance with the principles of adequate and orderly accounting, present a true and fair picture of the net worth position, the financial status, and the earnings situation of Commerzbank AG. The Management Report is in full agreement with the annual accounts and the financial statement.

Frankfurt, March 7, 1990

TREUARBEIT  
 Aktiengesellschaft  
 Wirtschaftsprüfungsgesellschaft  
 Steuerberatungsgesellschaft

Windmüller  
 Wirtschaftsprüfer  
 (German public accountant)

Patt  
 Wirtschaftsprüfer  
 (German public accountant)



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## 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, constantly supervising the conduct of the Bank's affairs. The Chairman as well as other members of the Supervisory Board assisted the Board of Managing Directors in an advisory capacity.

The Supervisory Board fulfilled its duties both in full session and through its committees. Considered in full session were above all matters with a fundamental bearing on the Bank's business policy – including aspects of the Bank's approach to *Allfinanz* – and those relating both to the development of its balance sheet and to its earnings performance. The Presiding Committee of the Supervisory Board received regular reports on the progress of the Bank's business, taking up items of significance with the Board of Managing Directors. The Loans Committee dealt with all 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 concentrated on basic issues concerning the employees, such as the results of the staff survey and the consequences of the tax reform legislation.

The Parent Bank's Annual Accounts, Financial Statement, and Legally Prescribed Report, together with the books of account for the period from January 1 to December 31, 1989, have been examined by the auditors, Treuarbeit Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, West 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, Financial Statement, and Legally Prescribed Re-

port, 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 and the Financial Statement presented by the Board of Managing Directors which accordingly may be regarded as adopted. It concurs with the latter's proposal as to the profit appropriation.

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

On March 4, 1990, Dr. jur. Gerd Wollburg passed away. Since 1969, he had been a member of our Supervisory Board. From 1978 onwards, he had served on the Loans Committee and between 1978 and 1988 on the Social Welfare Committee of the Supervisory Board. In him, the Bank has lost a circum-spect, expert adviser as well as an open-minded partner and friend.

Düsseldorf/Frankfurt,  
March 26, 1990

The Supervisory Board



Chairman



During the year under review, the increase in the partial operating result of the Commerzbank Group, at 11.4%, was much stronger than the average expansion in its business volume. The overall operating result more or less maintained its year-earlier level, as the earnings on securities and currency transactions, although still considerable, did not repeat the fine results of 1988. We had sufficient extraordinary earnings from the sale of shares and the redemption of bonds to offset the write-downs necessitated by the interest-rate trend. Once again, we raised the cover for risks relating to problem countries. Compared with 1988, a smaller amount had to be added to reserves for possible losses on specific doubtful credits. The consolidated net income for the year, left after taxes on income, rose by 15% to reach DM564m. From this, a total of DM281m will be allocated to the Group's revenue reserves, as against DM235m in the previous year.

The Group ended 1989 with a balance sheet total of DM191.6bn and a business volume – including endorsement liabilities on rediscounted bills – of DM193.8bn. This represents respective growth figures of DM11.2bn and DM11.4bn, or of a good 6% in either case. The Parent Bank, Commerzbank AG, and the West Berlin subsidiary, Berliner Commerzbank AG, each contributed to the rise in the Group's business volume by a 9% expansion, and the foreign banking subsidiaries included in the consolidation boosted their business volumes by an aggregate 6%, while the mortgage lending arm, RHEINHYP, held its business volume at the year-ago level.

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 DM14.0bn, or 7.2%, to DM208.9bn.

Companies affiliated to Commerzbank Aktiengesellschaft in accordance with Section 15 of the German Stock Corporation Act (AktG) are listed in a table included in the Notes on the Parent Bank's Annual Accounts. As compared with 1988, the list of companies included in the consolidation has been extended to cover CICM (Ireland) Ltd. and Blue Jay Investments Ltd., both located in Dublin and founded in the year under review.

On pages 78 to 83 of this Report – i.e. following the consolidated profit and loss statement – we report on the business objectives, the performance and the capital resources of our major subsidiaries, namely:

RHEINHYP Rheinische Hypothekenbank AG, Frankfurt,  
Berliner Commerzbank AG, West Berlin,  
Commerzbank International S.A., Luxembourg,  
Commerzbank (South East Asia) Ltd., Singapore,  
Commerzbank (Nederland) N.V., Amsterdam,  
Commerzbank (Switzerland) Ltd, Zurich.

Given the weight that the above companies have within the Group, these short reports have been supplemented by abridged versions of their balance sheets and their profit and loss accounts.

## **Notes on the Consolidated Annual Accounts**



On the other companies included in the consolidation we report as follows:

Commerz-Credit-Bank Aktiengesellschaft  
Europartner, Saarbrücken,

closed the year under review with a 3% larger balance sheet total of DM1,418m. From the net income for the year remaining after discernible risks had been duly provided for, a total of DM2m was allocated to other revenue reserves. The bank's liable equity thus now amounts to DM52m, with the share capital unchanged at DM14m. Shareholders will again receive a 14% dividend.

CB Finance Company B.V., Amsterdam, and  
Commerzbank Overseas Finance N.V., Curaçao,

finance their lending by raising long-term funds in the Euromarkets and in other foreign capital markets. At the closing date, these two companies had launched bonds and notes equivalent to altogether DM7.0bn, proceeds from which were – with one exception – deposited with the Parent Bank, Commerzbank International S.A. and Commerzbank (South East Asia) Ltd. By ceding to fiduciary trustees the claims arising to them from the funds passed on, the two financing companies provided the creditors of some of the issues with collateral. In the case of the other issues, the Parent Bank and, in one case, the Luxembourg subsidiary acted as guarantors. With one exception again, fiduciary trustees were brought in to protect the rights of the creditors even for such issues as had guarantee cover.

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

serves the Parent Bank as a funding arm in the US money markets and had, by end-1989, passed on to it the equivalent of DM3.7bn 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  
Ilseeder Bank, Sandow & Co., Peine,

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

C. Portmann, Frankfurt,

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

Commerz- und Industrie-Leasing GmbH, Frankfurt, and  
Commerz- und Industrie-Leasing Berlin GmbH, West Berlin,

who are engaged in the leasing of moveable goods, both saw the volume of their business decline further in the year under review. The profit transferred to the Parent Bank by the Frankfurt-based company was half that of the preceding year. Berliner Commerzbank had to take over a loss of al-



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most DM1m from its subsidiary, CIL Berlin, because current revenues were not sufficient to cover the particularly high depreciations on newly acquired leased goods permitted by the Berlin Promotion Act.

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

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

The three leasing companies last mentioned and their property-holding subsidiaries rely on the Parent Bank and on Berliner Commerzbank to meet their funding requirements. However, real-estate leasing is also funded, to the extent permitted by law, through mortgage loans by Commerzbank's mortgage bank subsidiary.

Endowed with a share capital of US\$10m,

Commerzbank Capital Markets Corporation, New York,

is engaged in investment banking operations, chiefly looking after non-American investors. In its first complete business year, the company achieved a profit of US\$0.3m.

Commerzbank Investment Management Gesellschaft mbH, Frankfurt,

acts as a management company for closed-end special-purpose investment funds. At the balance sheet date, their total number reached 153, with aggregate assets of DM8.7bn. The company is to pay a 10% dividend on its DM6m share capital.

Commerz Beteiligungsgesellschaft mbH, Bad Homburg v.d.H.,

and Berliner Commerz Beteiligungsgesellschaft mbH, maintained locally by our West Berlin subsidiary, both acquire stakes in small and medium-sized companies. They thus provide these firms with the share capital needed to strengthen their equity base in order either to raise turnover, carry out planned investments, and cope with the withdrawal of shareholders or partners, or prepare for a stock exchange introduction. In financial 1989, the West Berlin company transferred a profit of DM3m to Berliner Commerzbank AG, while our company registered a modest gain.

Commerz International Capital Management Gesellschaft mbH, Frankfurt,

looks after international institutional investors by providing asset management services. The company, which has seen its business expand strongly, managed to raise its commission earnings by 80% on their year-ago level. Together with an Irish bank, the company has founded CICM (Ireland) Ltd., whose object is to launch customized investment funds under Irish law. In addition, Berliner Commerzbank set up Blue Jay Investments Ltd., Dublin, at end-1989, with a share capital of DM1.4m and subscribed capital of DM140m. The object of the company is to purchase securities.



Other consolidated companies that are included in the list appearing at the end of the Notes on the Parent Bank's Annual Accounts and Financial Statement but not separately reported on here are engaged in activities indicated by their company names, such as trust business or the management of less important real estate.

In accordance with Section 329 of the German Stock Corporation Act (AktG), Handelsgest S.A.R.L. and Indugest S.A.R.L., both Luxembourg-based, have – as foreign companies – not been included in the consolidation. They restrict their activity to administrating the capital they have been endowed with. We continue to own three-quarters of their share capital, the rest being held by our Luxembourg subsidiary, Commerzbank International S.A.

ADV/Orga F.A. Meyer Aktiengesellschaft, Wilhelmshaven, and Flender Werft Aktiengesellschaft, Lübeck,

have not been included in the consolidation, since they are not under the Group's managerial control.

In response to the lower demand, Flender Werft has reduced its shipbuilding capacity, especially in 1987/88, by shedding personnel.

While the company worked at full pace in financial 1989, executing the orders for newbuildings it had obtained in the preceding years and carrying out ship repairs and sundry projects, it failed to cover its costs. Consequently, a balanced result for the year could only be secured with the aid of the shareholders.

On the basis of current orders, employment of capacity is secured until the first half of 1992. Although the situation for shipping and thus in the shipbuilding industry improved last year, commercial shipbuilding is not likely to be able to cover its costs in the foreseeable future without subsidies, in view of the competition from the Far East in particular.

In the course of 1990, the present owners of Flender Werft will utilize the option they have to sell the firm to a shipbuilding group.

In 1989, we acquired an interest in ADV/Orga to lend support at a time of crisis to the company which was experiencing difficulties due to an unforeseen decline in its sales. In January 1989, therefore, we took over a majority holding from the company's principal shareholder at that time, raising our stake to 60.1% of the total share capital by way of the capital increase effected in May 1989. Although the attempt was made to adjust capacities and lift productivity by trimming the workforce, altering structures and approaches, and changing the firm's management, it proved impossible to avoid a shortfall of DM13.8m for the financial year ending on June 30, 1989. At the start of 1990, we sold the majority interest in ADV/Orga to the Franco-British Sema Group plc., one of Europe's leading software firms. We ourselves retained a 10% stake in the company.



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## **Principles of consolidation**

Commerzbank's consolidated annual accounts and financial statement as at December 31, 1989 were drawn up in accordance with the format for the presentation of the annual accounts of German banks as laid down in the revised version of September 14, 1987 of the respective 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, New York, Singapore, Wilmington and Zurich, which are drawn up in local currency, have been converted at the official year-end Frankfurt middle rates. All other – domestic and foreign – companies included in the consolidation have drawn up their accounts in D-marks. Assets and liabilities throughout the Group have been valued on a uniform basis in accordance with 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.

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

Investment income from consolidated companies received in 1989 in respect of 1988 has 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 intra-Group profits from the consolidation in previous years.

## **Consolidated balance sheet total**

At DM191,554m, the end-1989 consolidated balance sheet total was DM11,154m up on the preceding year's figure, exceeding the total assets of the Parent Bank by DM66,520m (1988: by DM65,144m).

The Group's balance sheet total before elimination of intra-Group balances reached DM212,030m at end-1989. 59.0% of this was accounted for by assets of the Parent Bank, as compared with 57.9% in the previous year, and an unchanged 15.7% by those of the consolidated commercial banks. A further 17.9% relates to the mortgage lending subsidiary, RHEIN-HYP Rheinische Hypothekenbank, and 7.4% to other companies.



## **Assets**

### **Liquidity**

While each member of the Commerzbank Group is responsible for meeting its own liquidity needs, the overall availability of liquid funds within the Group is supervised by the Parent Bank. The latter, enjoying the highest standing of all Group members in both the national and the international financial markets, is able to provide its banking subsidiaries, if need be, with the liquid resources they may require. Solvency at any time is assured through sufficient holdings of both funds easily liquidizable and the necessary volumes of bills of exchange and of other securities eligible as collateral to obtain lombard advances from the Deutsche Bundesbank.

In order to be able to cope with possible liquidity shortages in foreign currencies, too, standby credit lines were arranged with major foreign banks, mostly on a mutual basis. These agreements make up for the recourse we lack abroad on the respective central banks or monetary authorities for obtaining liquidity.

### **Treasury notes, other securities**

Securities holdings within the Group shrank by DM854m to DM14,177m. The combined volume of Treasury bills and discountable Treasury notes was reduced by DM279m to DM1,178m.

The volume of bonds and notes held by the Group and issued by both Group members and others registered a DM728m decline. Of this total, paper issued by non-Group members were down by DM695m, bonds with an original life of under four years rising by DM545m, while those in the four-years-and-over bracket decreased by DM1,240m. Bonds and notes issued by Group members are shown in the consolidated balance sheet at DM1,088m – DM32m less than in the previous year.

Holdings of other securities shrank by DM126m to DM1,208m.

### **Lending**

The Group stepped up its lending to other banks and to customers (excluding both loans on a trust basis and guarantees) by DM5,839m to DM126,457m in 1989. This represents a rise of 4.8%, as against 10.5% in 1988. Most of the expansion was provided by the Parent Bank, whose loan volume went up by 6.9%, and by the West Berlin subsidiary, recording similar growth of its credit business. The lending of our mortgage bank subsidiary was only slightly stronger than in 1988, and marginal gains were achieved by the foreign subsidiaries. Interbank money-market dealings, which we do not include under credit business, were expanded on the lending side from DM35.4bn in 1988 to DM40.8bn.



## Changes in Group's lending

	Year-end, 1989		Year-end, 1988		Change	
	DMm	%	DMm	%	DMm	%
Loans to customers						
a) short and medium-term	37,069	29.3	34,135	28.3	+2,934	+ 8.6
b) long-term (four years or more)	39,567	31.3	35,728	29.6	+3,839	+10.7
Sub-total	76,636	60.6	69,863	57.9	+6,773	+ 9.7
Long-term mortgage and communal loans of mortgage bank subsidiary						
a) to customers	28,911	22.8	29,057	24.1	- 146	- 0.5
b) to banks	4,915	3.9	4,553	3.7	+ 362	+ 8.0
Sub-total	33,826	26.7	33,610	27.8	+ 216	+ 0.6
Bills discounted	3,308	2.6	5,031	4.2	-1,723	-34.2
Claims on banks						
a) short and medium-term	5,505	4.4	5,164	4.3	+ 341	+ 6.6
b) long-term (four years or more)	6,426	5.1	6,021	5.0	+ 405	+ 6.7
Sub-total	11,931	9.5	11,185	9.3	+ 746	+ 6.7
Leased equipment	756	0.6	929	0.8	- 173	-18.6
Total lending	126,457	100.0	120,618	100.0	+5,839	+ 4.8

Excluding lending by the mortgage bank subsidiary, credits to customers rose by DM6.8bn to DM76.6bn for the Group as a whole, with loans at short and medium term advancing by 8.6%, slightly less than long-term credits (+10.7%). In volume terms, the latter exceeded the former at end-1989 by DM2.5bn, compared with DM1.6bn at end-1988. The total of bills discounted was reduced by 34.2% to DM3.3bn.

At Rheinische Hypothekenbank, longer-term lending went up somewhat, by DM0.2bn to DM33.8bn, in a year-on-year comparison. This reflects the 5.8% decline, to DM15.5bn, in credits to local governments and authorities and a strong growth of 6.7% in mortgage loans, to DM18.3bn.

Interbank lending at Group level rose by 6.7% to DM11.9bn. With growth rates virtually identical, short and medium-term credits advanced to DM5.5bn, while long-term loans reached DM6.4bn.

Overall, the share of the longer-term credits of the Group's commercial banks in its total lending rose again, from 34.6% to 36.4%, while the proportion of long-term mortgage loans went down to 26.7%. That of short and medium-term credits (including bills discounted) amounted to 36.3% at the balance sheet date, as against 36.8% at end-1988. Leasing operations which, in a broader sense, are also part of credit business came to DM0.8bn, accounting for 0.6% of the Group's total lending.

## Fixed assets

After elimination of holdings in consolidated companies, the Group's fixed assets stand at DM4,034m (DM3,469m in 1988), comprising holdings in unconsolidated companies (investments) of DM2,396m, land and buildings at DM923m, and office furniture and equipment at DM715m.



Changes in "investments" at the Parent Bank are outlined above in the Report on the Bank's Performance (cf. pages 45 to 46 of this Report). The subsidiaries acquired new investments in an actual amount of DM0.3bn. Significant additions were Kaufhof Tourism Holding B.V., Amsterdam, Kautex-Werke Reinold Hagen AG, Bonn, and Pilkington GmbH, Essen, by Atlas-Vermögensverwaltungs-Gesellschaft m.b.H.

## Liabilities and shareholders' equity

### Total deposits and borrowed funds

In 1989, the Group's total deposits and other borrowed funds increased by DM9,959m to DM180,794m. At year-end, they were made up as follows:

Changes in Group's borrowing							
	Year-end, 1989		Year-end, 1988		Change		
	DMm	%	DMm	%	DMm	%	
Liabilities to banks							
a) demand deposits	6,652	3.7	4,740	2.8	+ 1,912	+40.3	
b) time deposits	43,082	23.8	46,756	27.4	- 3,674	- 7.9	
Sub-total	49,734	27.5	51,496	30.2	- 1,762	- 3.4	
Customers' deposits							
a) demand deposits	20,070	11.1	15,688	9.2	+ 4,382	+27.9	
b) time deposits	49,654	27.4	43,358	25.4	+ 6,296	+14.5	
c) savings deposits	15,313	8.5	14,811	8.6	+ 502	+ 3.4	
Sub-total	85,037	47.0	73,857	43.2	+11,180	+15.1	
Acceptances outstanding	1,125	0.6	1,363	0.8	- 238	-17.5	
Bonds issued by commercial banks within Group	12,806	7.1	11,409	6.7	+ 1,397	+12.2	
Bonds issued by mortgage bank subsidiary	32,092	17.8	32,710	19.1	- 618	- 1.9	
Sub-total	44,898	24.9	44,119	25.8	+ 779	+ 1.8	
Total deposits and borrowed funds	180,794	100.0	170,835	100.0	+ 9,959	+ 5.8	

There were small year-on-year changes in the percentage shares registered by the different kinds of borrowed funds. This was almost exclusively the result of growth in customers' deposits, up by DM11.2bn. The volume of bonds issued by Group members rose by only DM0.8bn to DM44.9bn, thus reducing their share in the total funds raised from 25.8% to 24.9%. DM32.1bn of this amount was accounted for by paper issued by our mortgage bank subsidiary which included DM14.3bn of mortgage bonds and DM15.7bn of communal bonds. The aggregate funds deposited by customers are shown at DM85.0bn. Savings amounted to DM15.3bn, their overall share of the total receding from 20.1% to 18.0%, while that of time deposits went down from 58.7% to 58.4%. After declining by DM0.3bn in 1988, savings deposits achieved a gain of DM0.5bn in the year under review. Sight deposits by customers expanded by just over a quarter, or DM4.4bn, to DM20.1bn. Thanks to the strong intake of funds from our customers, we were able to cut our liabilities to banks by DM1.8bn to DM49.7bn. Their share of the Group's borrowing fell from 30.2% in 1988 to 27.5%.



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## **Other liabilities**

After total additions of DM254m, provisions reached DM2,382m.

Actuarial computation required a DM83m rise in provisions for pensions which thus reached DM1,224m in the balance sheet at end-1989.

Provisions for other purposes, which are shown at DM1,158m, relate in the main to possible loan losses, to taxes, to year-end bonuses not payable until 1990, 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.

The "special item with partial reserve character" is shown at DM90m in the consolidated balance sheet. DM116m have been written back. Whereas the commercial banks within the Group took advantage of the opportunity offered by tax legislation and retained as a special item a third of the global loan loss reserves released in 1988, RHEINHYP Rheinische Hypothekenbank wrote back this item in its entirety.

## **Capital and reserves**

The Parent Bank's share capital and its disclosed reserves rose to DM4,848m. A capital increase, effected in March 1989 to issue shares to our staff, and the exercising of share subscription rights from warrants, as well as the sale of warrants, resulted in an addition of DM122m to the share capital and an allocation of DM255m to the capital reserve. As in 1988, DM100m was allocated to other revenue reserves from the consolidated net income for the year.

In 1989, RHEINHYP Rheinische Hypothekenbank and Berliner Commerzbank issued profit-sharing rights to the tune of DM200m and DM80m, respectively. At Group level, the profit-sharing certificates outstanding, including those issued by the Parent Bank in 1985, totalled DM705m at end-1989.

The consolidation difference as defined in Section 331 (1) 3 of the German Stock Corporation Act/AktG (in its former version, valid up to end-1986) corresponds to the excess of the book value of the consolidated companies' equity (including their disclosed reserves) over the book value of the Parent Bank's investments therein; this item, representing equity and regarded as revenue reserves, rose by DM128m to DM860m in the year under review. The increase stems almost exclusively from allocations to other revenue reserves by subsidiary banks.

Including a total of DM116m (DM69m in the preceding year) of further allocations to the Group's reserves, subject to approval by the 1989 AGMs of consolidated subsidiaries, and also including minority shareholders' interests – the latter without the attributable share of profits – of DM43m (DM50m in 1988), the Group's equity capital at year-end stood at DM6,572m, as against DM5,647m at end-1988.



### 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 of up to 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, DM4.3bn 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 DM1.3bn of the Group's assets, 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 increased by DM2,476m to DM13,921m. With interest expenditure rising somewhat less, by DM2,406m to DM10,886m, the Group's net interest and dividend earnings recorded a DM70m, or 2.4%, gain to reach DM3,035m. This figure exceeded current personnel and other operating expenses by DM138m, or 4.8%. The respective 1988 figures were DM221m and 8.1%.

The excess of commissions earned over those paid in respect of services went up by DM208m, or 20.9%, to DM1,201m.

Receipts from equipment leased are shown at DM343m, up from DM327m in the previous year. With write-downs on such equipment amounting to DM309m, as against DM298m in 1988, net earnings in the leasing business totalled DM34m (DM29m in 1988); these figures have been arrived at without allowing for financing costs which have been included in interest expenditure.

After balancing other income and the income from the writing-back of both provisions and special items 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 surplus of DM38m. In 1988, a shortfall of DM115m had occurred, since through the need to release the global loan loss reserves it was possible to allocate DM204m to the special item with partial reserve character.



## Expenditure

The Group's overall personnel expenditure was DM2,080m, while other operating expenses totalled DM817m. The increase in these costs thus amounted to DM153m, or 5.6%, as against DM163m, or 6.3%, in 1988.

Depreciation on and adjustments to land and buildings, office furniture and equipment were charged at DM202m (1988: DM191m).

Group taxation totalled DM494m, as against DM376m in the preceding year. This amount includes DM484m for taxes on income and assets, compared with DM370m in 1988.

## Consolidated net income for the year and consolidated profit

The Group's net income for the year rose from DM489m to DM564m; the profit brought forward from the previous year was DM54m. The former will be used to allocate DM100m to the reserves of the Parent Bank and DM65m to those of consolidated companies. The amount of the profit accruing to minority shareholders is DM2m. The remaining consolidated profit thus stands at DM451m. Subject to approval by the AGMs of three consolidated companies, a further DM116m is to be allocated to the latter's other revenue reserves from undistributed profits.

Düsseldorf, March 6, 1990

The Board of Managing Directors

*Wim Ouwens*

*Andreas Wappler*

*Richard Krenn*



**CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1989**

Dec 31, 1988

Assets	DM	DM	DM	DM1,000
Cash on hand			609,282,813.28	481,304
Balance with Deutsche Bundesbank			4,951,809,834.86	4,035,766
Balances on postal giro accounts			25,708,768.82	33,358
Cheques, matured bonds, interest and dividend coupons, items received for collection			411,620,588.79	283,477
Bills of exchange			1,020,512,838.40	3,040,043
incl.: a) rediscountable at Deutsche Bundesbank	428,671,584.28			
b) own drawings	158,619,245.76			
Claims on banks				
a) payable on demand		7,671,676,972.11		2,041,347
b) with original periods or periods of notice of				
ba) less than three months		12,338,184,942.98		14,264,288
bb) at least three months, but less than four years		26,335,474,023.80		24,487,884
bc) four years or more		11,340,599,190.02		10,352,772
			57,685,935,128.91	51,146,291
Treasury bills and discountable Treasury notes, issued by				
a) the Federal and Länder Governments		702,518,674.82		845,148
b) others		475,178,827.49		611,615
			1,177,697,502.31	1,456,763
Bonds and notes				
a) with a life of up to four years, issued by				
aa) the Federal and Länder Governments	657,387,691.58			
ab) banks	447,325,529.69			
ac) others	525,930,777.53	1,630,643,998.80		1,085,924
incl.: eligible as collateral for Deutsche Bundesbank advances DM 985,656,973.49				
b) with a life of more than four years, issued by				
ba) the Federal and Länder Governments	2,658,086,371.85			
bb) banks	3,431,560,658.44			
bc) others	4,161,443,571.40	10,251,090,601.69		11,490,980
incl.: eligible as collateral for Deutsche Bundesbank advances DM4,265,817,631.51			11,881,734,600.49	12,576,904
Securities not to be shown elsewhere				
a) shares marketable on a stock exchange and investment fund certificates		1,044,275,111.20		1,089,024
b) other		163,734,056.32		245,216
incl.: holdings of more than one-tenth of the shares of a joint-stock or mining company, unless shown as investments	547,206,098.39		1,208,009,167.52	1,334,240
Claims on customers, with original periods or periods of notice of				
a) less than four years		37,068,958,315.76		34,134,604
b) four years or more		68,478,506,111.55		64,785,089
incl.: ba) secured by mortgages on real estate	25,158,040,560.37			
bb) communal loans	16,320,024,950.25			
			105,547,464,427.31	98,919,693
Recovery claims on Federal and Länder authorities under post-war currency reform acts			38,041,281.91	44,358
Loans granted on a trust basis at third party risk			203,699,560.40	373,087
Subsidiaries, associated companies, and trade investments (investments)			2,395,707,658.20	1,951,416
incl.: investments in banks DM 580,262,837.29				
Land and buildings			923,070,577.90	873,726
Office furniture and equipment			715,549,724.17	644,251
Leased equipment			755,899,143.59	929,388
Bonds and notes issued by consolidated companies			1,087,514,698.15	1,119,948
nominal amount	1,132,258,836.07			
incl.: eligible as collateral for Deutsche Bundesbank advances	450,363,635.32			
Other assets			439,158,489.22	699,762
Deferred items				
a) unamortized debt discount (difference according to Section 250 (3) of the German Commercial Code – HGB)		210,874,914.80		166,501
b) other		264,934,224.09		289,977
			475,809,138.89	456,478
			<b>Total Assets</b>	<b>191,554,225,943.12</b>
				<b>180,400,253</b>
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 affiliated companies			511,256,871.43	140,931
b) claims arising from loans falling under Section 15 (1) 1-6 and (2) of the German Banking Act, unless included under a)			381,275,746.70	344,645







## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 1989

Expenses	DM	DM	1988 DM1,000
Interest and similar expenses		10,886,303,232.64	8,480,150
Commissions and similar service charges paid		70,222,110.78	57,628
Write-downs of and adjustments to claims and securities, and additions to provisions for possible loan losses		341,486,068.18	200,393
Salaries and wages		1,632,462,185.42	1,551,562
Compulsory social security contributions		241,407,886.18	234,068
Expenses for pensions and other employee benefits		206,230,807.09	191,144
Other operating expenses		817,080,550.28	766,785
Depreciation on and adjustments to land and buildings, office furniture and equipment		201,827,189.70	191,288
Depreciation on leased equipment		308,516,978.82	298,121
Write-downs of and adjustments to investments (subsidiaries, associated companies, and trade investments)		11,912,584.60	2,319
<b>Taxes</b>			
a) on income and assets	483,841,888.41		370,082
b) other	9,853,705.57		6,168
		493,695,593.98	376,250
Allocations to special item with partial reserve character		—	203,999
Other expenses		152,622,044.71	70,513
Consolidated net income for the year		563,670,093.41	489,490
	<b>Total Expenses</b>	15,927,437,325.79	13,113,710

	DM	DM	1988 DM1,000
Consolidated net income for the year		563,670,093.41	489,490
Profit brought forward from the previous year		54,314,837.54	46,589
		617,984,930.95	536,079
<b>Allocations to revenue reserves</b>			
a) to other revenue reserves			
Parent Bank	100,000,000.00		100,000
b) consolidated companies	64,842,440.00		65,763
		164,842,440.00	165,763
Profit attributable to minority interests	1,920,626.43		2,205
Loss incurred by minority interests	34,159.40		—
		1,886,467.03	2,205
Consolidated profit		451,256,023.92	368,111







## MAJOR SUBSIDIARIES

### Berliner Commerzbank AG, West Berlin

With total assets up 9.6% to DM8,602m, our West Berlin subsidiary continued on its successful course.

Successes on the retail side were the acquisition of roughly 13,000 new clients, a 16% rise in home loans, brisk demand for our standardized loan schemes, and new customer savings of more than DM480m. Corporate lending climbed 10%, with clients preferring long-term loans with fixed interest rates. Deposits grew by 7%.

Securities business was especially strong: share turnover alone rose by 50% and portfolio management expanded by 25%. In foreign business, both the export and import sides achieved double-digit growth.

After increasing over the past few years, the number of staff remained fairly constant at 1,389 in 1989 (1988: 1,396).

#### Earnings

While net interest revenue remained under pressure, slipping 4.6% below its year-ago level, net commission income – boosted by the favourable stock market situation – was raised by 19%. The operating result enables the bank to allocate DM25m to reserves and to pay an unchanged dividend of 20% on its DM82.5m share capital. Following the successful placement of DM80m in profit-sharing certificates, its total equity capital now stands at DM450m, as compared with DM345m in 1988.

#### Accounts

Assets	DM1,000	Liabilities and Shareholders' Equity	DM1,000
Cash reserves, cheques and collection items	412,394	Liabilities to banks	2,031,392
Bills of exchange	38,280	Liabilities to customers	4,983,818
Claims on banks	1,812,019	Bonds outstanding	905,061
Bonds and notes	1,163,396	Acceptances outstanding	28,100
Other securities	55,004	Provisions	133,943
Loans and advances to customers	4,706,138	Deferred items	23,106
Investments	145,937	Special item with partial reserve character	8,503
Land and buildings	74,125	Profit-sharing certificates outstanding	80,000
Office furniture and equipment	31,823	Share capital	82,500
Deferred items	36,287	Disclosed reserves	91,000
Other assets	126,856	Revenue reserves	191,550
		Other liabilities	20,186
		Distributable profit	23,100
<b>Total Assets</b>	<b>8,602,259</b>	<b>Total Liabilities and Shareholders' Equity</b>	<b>8,602,259</b>
		Endorsement liabilities	132,148
		Guarantees	748,337

#### Profit and Loss Account

Expenses	DM1,000
Interest and commissions paid	363,837
Write-downs and adjustments	48,658
Personnel expenditure and other operating expenses	145,741
Depreciation on fixed assets	13,345
Taxes	12,671
Other expenses	4,732
Net income for the year	43,100
<b>Total Expenses</b>	<b>632,084</b>
Income	DM1,000
Interest and commissions received	517,652
Current income from securities and investments	82,509
Sundry income	20,441
Other income	11,482
<b>Total Income</b>	<b>632,084</b>



Within the overall strategy of the Commerzbank Group, Commerzbank International S.A. (CISAL) is engaged in all forms of Euromarket trading and lending as well as retail banking.

The bank's operations in 1989 were satisfactory. Total assets rose to DM18.8bn from DM17.6bn. By year-end, the staff had grown from 124 to 144. Total lending reached DM9.7bn, with the trend towards longer-term credits continuing.

Retail business in 1989 was influenced by pronounced fluctuations on the international bourses. Earnings here and results on own-account trading in securities and foreign exchange were both satisfactory.

The bank's major source of funding is interbank borrowing; customer deposits grew from DM3.4bn to DM5.5bn. CISAL con-

tinues to make intensive use of modern Euromarket instruments for relatively low-cost funding.

### Earnings

As in previous years, the operating result was used mainly to cover country risks. The tighter equity capital standards to apply in future have prompted the bank to dissolve hidden reserves that had already been taxed. CISAL's distributable profit of DM100m (1988: DM45m) will be used to strengthen its voluntary reserves, thus broadening the bank's equity base to DM568.4m.

## Commerzbank International S.A., Luxembourg

### Accounts

<b>Assets</b>	<b>DM1,000</b>	<b>Liabilities and Shareholders' Equity</b>	<b>DM1,000</b>
Claims on banks	11,972,721	Liabilities to banks	11,049,309
Bills of exchange	105,766	Liabilities to customers	5,452,696
Loans and advances to customers	4,938,488	Bonds outstanding	314,262
Securities	1,098,491	Subordinated loan	189,706
Investments	9,400	Share capital	125,000
Land and buildings	24,513	Reserves	343,400
Office furniture and equipment	4,334	Provisions, write-downs and adjustments	753,702
Deferred items	630,866	Deferred items	455,599
Other assets	5,979	Other liabilities	6,884
		Distributable profit	100,000
<b>Total Assets</b>	<b>18,790,558</b>	<b>Total Liabilities and Shareholders' Equity</b>	<b>18,790,558</b>

### Profit and Loss Account

<b>Expenses</b>	<b>DM1,000</b>
Interest and commissions paid	1,523,653
Personnel expenditure and other operating expenses	23,835
Taxes	10,363
Write-downs and adjustments	68,105
Depreciation	1,941
Other expenses	5,129
Net income for the year	100,000
<b>Total Expenses</b>	<b>1,733,026</b>
<b>Income</b>	<b>DM1,000</b>
Interest and commissions received	1,583,701
Other income	149,325
<b>Total Income</b>	<b>1,733,026</b>



**Commerzbank  
(Nederland) N.V.,  
Amsterdam**

Based in Amsterdam with a branch in Rotterdam, Commerzbank (Nederland) N.V. offers Dutch and multinational firms a broad range of products. In addition to lending, money-market, foreign-exchange and securities transactions, the financing and handling of external trade continue to be prominent among its activities.

Total assets were reduced slightly in the past year, from Dfl1.8bn to Dfl1.7bn. In view of the inverse interest-rate structure, the bank decreased its holdings of bonds and notes from Dfl163m to Dfl67m. The Dutch central bank's new balance sheet regulations for certain financial institutions were primarily responsible for the decline in lending to customers. Another factor was the introduction of a restriction on lending in the Netherlands.

The bank's personnel, calculated on a full-time basis, diminished from 114 to 112.

**Earnings**

Earnings in 1989 were not satisfactory. The year's results were primarily used to raise loan loss provisions. Equity capital at year-end totalled Dfl63.0m.

**Accounts**

<b>Assets</b>	<b>Dfl1,000</b>	<b>Liabilities and Shareholders' Equity</b>	<b>Dfl1,000</b>
Cash on hand	135	Liabilities to banks	859,325
Bills of exchange	873	Liabilities to customers	696,552
Claims on banks	945,948	Share capital	40,000
Loans and advances to customers	639,127	Disclosed reserves	22,963
Bonds and notes	66,830	Subordinated loan	42,000
Land and buildings	4,400	Deferred items	28,092
Office furniture and equipment	4,921	Other liabilities	30,945
Deferred items	43,317	Distributable profit	37
Other assets	14,363		
<b>Total Assets</b>	<b>1,719,914</b>	<b>Total Liabilities and Shareholders' Equity</b>	<b>1,719,914</b>
		Endorsement liabilities	12,011
		Guarantees	125,295

**Profit and Loss Account**

<b>Expenses</b>	<b>Dfl1,000</b>
Interest and commissions paid	142,812
Write-downs and adjustments	2,500
Personnel expenditure and other operating expenses	16,759
Depreciation on fixed assets	2,060
Taxes	421
Net income for the year	106
<b>Total Expenses</b>	<b>164,658</b>
<b>Income</b>	<b>Dfl1,000</b>
Interest and commissions received	160,319
Current income from securities and investments	8,654
Other income	- 4,315
<b>Total Income</b>	<b>164,658</b>

Dfl100 = DM88.53



Commerzbank (South East Asia) Ltd. – COSEA – has now been active for 10 years as a merchant bank in Singapore. Its operations stretch from South-East Asia to Australia and New Zealand. COSEA provides German and multinational corporate clients with the entire range of instruments available in the world's capital and credit markets. The bank offers private customers individually-tailored investment assistance.

### General performance

Last year, a major increase in corporate lending fuelled a 4% growth of total assets to S\$3.1bn. Loans to financial institutions were down slightly; contingent liabilities rose by S\$70m to S\$261m.

COSEA's net after-tax income in 1989 totalled S\$12.5m. With profit brought forward in 1988 of S\$2m included, distributable profit

for the year was S\$14.5m. After an allocation of S\$0.5m to legal reserves and an unchanged 30% dividend, a profit of S\$0.5m remains to be carried forward to new account. Equity capital has now reached S\$82.5m.

At the beginning of 1990, Commerzbank AG opened a branch in Singapore which shares its management with COSEA. While the latter as a merchant bank continues to engage in international lending and capital-market operations, the new branch will principally serve local corporate business.

## Commerzbank (South East Asia) Ltd., Singapore

Accounts		Liabilities and Shareholders' Equity		Profit and Loss Account	
Assets	S\$1,000		S\$1,000	Expenses	S\$1,000
Cash on hand	6	Liabilities to banks	2,621,702	Interest and commissions paid	276,161
Bills of exchange	1,443	Liabilities to customers	393,839	Personnel expenditure and other operating expenses	7,349
Claims on banks	1,460,907	Acceptances outstanding	1,443	Taxes	1,344
Treasury bills and discountable Treasury notes	3,100	Provisions	7,204	Write-downs and adjustments	2,996
Securities	375,407	Share capital	45,000	Depreciation	541
Loans and advances to customers	1,282,555	Disclosed reserves	37,500	Other expenses	134
Land and buildings	1,533	Deferred items	5,367	Net income for the year	12,545
Office furniture and equipment	1,284	Other liabilities	726	Total Expenses	301,070
Deferred items	636	Distributable profit	14,090		
				<b>Income</b>	<b>S\$1,000</b>
				Interest and commissions received	286,674
				Other income	14,396
				Total Income	301,070
<b>Total Assets</b>	<b>3,126,871</b>	<b>Total Liabilities and Shareholders' Equity</b>	<b>3,126,871</b>		

S\$100 = DM89.15



**Commerzbank  
(Switzerland) Ltd,  
Zurich**

Founded in 1985, Commerzbank (Switzerland) Ltd mainly concentrates on providing investment counselling to international private and institutional clients. Other services include lending, trading in money-market instruments, foreign exchange, securities and precious metals as well as underwriting Sfr-denominated foreign bonds, as a member of the Swiss syndicate of large banks. Since 1988, the bank has operated a branch in Geneva.

1989 was another successful year, with both retail and trading activities expanding markedly. Total assets surged 30% in a year-on-year comparison to Sfr503.6m. The staff level was raised from 60 to 70.

**Earnings**

Earnings expectations for the year were met in terms of commission income and trading profits, both of which recorded solid gains.

At the same time, however, stronger write-downs had to be made on the bank's own security holdings.

In 1989, net after-tax income was shown at Sfr5.25m, up 64% on the year-ago level. This not only enables the bank to allocate Sfr3.2m to legal reserves, but also to pay for the first time a dividend of 4% on its share capital of Sfr50m. With 1988's profit brought forward included, a sum of Sfr218,620 remains to be carried forward to new account. Equity capital at year-end totalled Sfr65.4m.

Accounts		Profit and Loss Account	
<b>Assets</b>	<b>Sfr1,000</b>	<b>Liabilities and Shareholders' Equity</b>	<b>Sfr1,000</b>
Cash, central bank and postal cheque balances	573	Liabilities to banks	339,229
Claims on banks	323,079	a) payable on demand	(7,276)
a) payable on demand	(7,467)	b) with agreed periods of notice	(331,953)
b) with agreed periods of notice	(315,612)	Liabilities to customers	70,373
Bills of exchange and money-market paper	13,000	a) payable on demand	(22,173)
Loans and advances to customers	67,221	b) with agreed periods of notice	(48,200)
Securities	83,467	Share capital	50,000
Office furniture and equipment	5,990	Legal reserve	15,200
Deferred items	776	Deferred items	464
Other assets	9,488	Other liabilities	28,109
<b>Total Assets</b>	<b>503,594</b>	Distributable profit/profit brought forward	219
		<b>Total Liabilities and Shareholders' Equity</b>	<b>503,594</b>
		<b>Expenses</b>	<b>Sfr1,000</b>
		Interest and commissions paid	26,048
		Personnel expenditure and other operating expenses	13,108
		Taxes	1,341
		Write-downs, adjustments and additions to loan-loss reserves	9,183
		Net income for the year	5,250
		<b>Total Expenses</b>	<b>54,930</b>
		<b>Income</b>	<b>Sfr1,000</b>
		Interest and commissions received	37,999
		Other income	16,931
		<b>Total Income</b>	<b>54,930</b>

Sfr100 = DM109.77



## General performance

RHEINHYP's new loan volume reached DM4,409m in 1989: mortgages totalled DM2,292m (52%) and credits to public authorities DM2,117m (48%). Including loans extended after a renegotiation of interest rates, aggregate lending amounted to DM5,404m.

In order to fund new and renegotiated business, the bank placed DM2,278m of mortgage bonds, DM2,244m of communal bonds, and DM160m of bonds not requiring cover.

## Results for the year and equity capital

RHEINHYP's earnings performance was again positive. A rise in net interest income, coupled with a slight reduction in administrative costs, produced a particularly encouraging climb of DM26.7m, or

15.6%, in the partial operating result to DM198.2m. Net income for the year rose by DM5m to DM77.8m.

In September, the Board made full use of the last Annual General Meeting's approval to issue up to DM200m in profit-sharing certificates. Holders of these paper receive an 8% payment out of the distributable profit as from October 1, 1989. At the Annual General Meeting on May 7, 1990, shareholders will be asked to approve a dividend increase from DM12 to DM12.50 per DM50 nominal share on the share capital of DM95m. The bank also intends to raise reserves by another DM50m, bringing its equity funds up to DM1,042m (1988: DM792m).

## RHEINHYP Rheinische Hypothekenbank AG, Frankfurt

### Accounts

Assets	DM1,000	Liabilities and Shareholders' Equity	DM1,000
Loans at agreed periods of four years or more of which:	33,825,641	Bonds issued	31,018,563
a) mortgage loans	(18,295,270)	Bonds to be delivered	386,068
b) communal loans	(15,458,565)	Loans taken up at a long term	2,555,084
Securities, bonds and notes	507,016	Liabilities to banks and to other creditors	1,278,483
Claims on banks and on other debtors	3,070,751	Accrued interest on bonds issued and on loans taken up	1,155,153
Own bonds (nominal value DM314,559,000)	285,681	Profit-sharing certificates outstanding	200,000
Fixed assets	49,303	Subscribed capital	95,000
Other assets	134,951	Capital reserve	90,597
		Revenue reserves	645,227
		Other liabilities	410,218
		Distributable profit	38,950
<b>Total Assets</b>	<b>37,873,343</b>	<b>Total Liabilities and Shareholders' Equity</b>	<b>37,873,343</b>

### Profit and Loss Account

Expenses	DM1,000
Interest and non-recurrent expenses	2,375,986
Write-downs, adjustments and additions to loan-loss reserves	85,465
Personnel expenditure and other operating expenses	69,505
Taxes	69,220
Other expenses	7,744
Net income for the year	77,750
<b>Total Expenses</b>	<b>2,685,670</b>
Income	DM1,000
Interest and similar income	2,646,953
Sundry income	9,555
Income from the writing-back of special item with partial reserve character	26,231
Other income	2,931
<b>Total Income</b>	<b>2,685,670</b>



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Dissen a. T. W.
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A. Bagel Papierfabrik KG, Ratingen  
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Higher Regional Court  
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Managing Directors  
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Wiehl
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Wesel
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Deputy Chief Manager  
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Landesversicherungsanstalt  
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Majority Partner  
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- ULRICH OTTO  
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General Manager  
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Gevelsberg
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Wellkisten- und Papierfabriken  
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Deutsche Kornbranntwein-  
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Mainz

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Managing General Partner  
Asbach & Co.  
Rüdesheim am Rhein

ERICH H. VON BAUMBACH  
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C. H. Boehringer Sohn  
Ingelheim

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General Manager  
Globus Holding GmbH & Co. KG  
St. Wendel

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VESTA AG & Co. oHG  
Idar-Oberstein

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Deputy Chairman of the Board of  
Managing Directors  
Eckes Group  
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Head of Finance Department  
BASF AG  
Ludwigshafen

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Sanitätsrat  
President  
Ärztekammer des Saarlandes,  
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General Manager  
Jakob Müller Verwaltungs-  
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● **Schleswig-Holstein**

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General Partner  
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Niebüll

DR. GERD BALKE  
Sole General Manager  
Lego GmbH  
Hohenwestedt

DR. GERHARD BLUHM  
Reinbek

DR. HANS HEINRICH DRIFTMANN  
General Partner  
Peter Kölln Mühlenwerke  
Elmshorn

DR. RUDOLF HARTMANN  
General Manager  
Grace GmbH  
Norderstedt

WOLFGANG HERSE  
Chairman of the Board of  
Managing Directors  
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KAREL KLAISNER  
Klaisner Consulting  
Hamburg

DR. KLAUS MURMANN  
Chairman of the Board of  
Managing Directors  
Sauer Getriebe AG  
Neumünster

DR. LUTZ PETERS  
Managing Partner  
Schwartauer Werke GmbH & Co.  
Bad Schwartau



## Frankfurt

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## Headquarters

All International Departments are in Frankfurt.

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.

## Domestic Branches

### ● A

Aachen  
1929 (1874)  
with sub-branches  
Burtscheid  
Kaiserplatz  
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  
1921 (1869)  
with sub-branches  
Donauwörther Strasse  
Göggingen  
Lechhausen

### ● B

Backnang  
1961

Bad Bramstedt  
1973

Bad Driburg  
1975

Bad Dürkheim  
1989

Baden-Baden  
1914 (1872)

Bad Harzburg  
1974

Bad Hersfeld  
1909 (1862)

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 (Ertt)  
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  
Wattenscheid-Höntrop  
Weitmar

Bochum-Wattenscheid  
1918 (1906)

Böblingen  
1968

Bonn  
1908 (1885)  
with sub-branches  
Bundeskanzlerplatz  
Markt  
Römerplatz  
Tannenbusch  
Liaison Office:  
see page 98



Bonn-Bad Godesberg  
1959

Bonn-Beuel  
1961

Bonn-Duisdorf  
1960

Borken (Westphalia)  
1960

Bottrop  
1959

Brake  
1976

Braunschweig  
(*Brunswick*)  
1921  
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

Bückeberg  
1954 (1856)

Bünde  
1961

Burgdorf  
1970

Butzbach  
1967

Buxtehude  
1972

● C

Celle  
1961

Cloppenburg  
1961

Coburg  
1971

Coesfeld  
1961

Cologne:  
see Köln

Constance:  
see Konstanz

Cuxhaven  
1921

● D

Dachau  
1968

Darmstadt  
1957  
with sub-branches  
Arheilgen  
Karlstrasse

Deggendorf  
1989

Delmenhorst  
1954

Detmold  
1961

Diepholz  
1968

Diez (Lahn)  
1967

Dillenburg  
1961

Dinslaken  
1965 (1921)

Dissen (Teutoburger Wald)  
1975

Dormagen  
1967

Dorsten  
1964

Dortmund  
1904 (1878)  
with sub-branches  
Aplerbeck  
Brackel

Hörde  
Hohe Strasse  
Hombruch

Kaiserstrasse  
Königswall  
Mengede  
Münsterstrasse  
Ruhrallee

Dreieich  
1968



Kiel, Arndtplatz Branch



Freiburg, Rathausgasse Branch



Düsseldorf, Königsallee Branch

Dülmen  
1968

Düren  
1959

Düsseldorf  
1903 (1889)  
with sub-branches  
Am Hafen  
Am Hauptbahnhof

Brehmplatz  
Eller  
Friedrichstrasse  
Garath  
Gerresheim  
Golzheim  
Grafenberger Allee  
Heerd  
Heinrichstrasse  
Holthausen



Kaiserswerth Karolingerplatz Königsallee Nordstrasse Oberbilk Oberkassel Rath Reisholzer Strasse Schadowstrasse Unterrath Wersten Worringer Platz	Erkelenz 1967	Hanauer Landstrasse Hauptwache Kaiserstrasse Oederweg Platz der Republik Rödelheim Sachsenhausen Schwanheim Wächtersbacher Strasse Zeil and paying office Römerberg	Gevelsberg 1912 with sub-branch Zentrum
Düsseldorf-Benrath 1968	Erkrath 1967	Frankfurt-Höchst 1899	Giessen 1906 (1832)
Duisburg 1909 with sub-branches Hochfeld Lutherplatz Marxloh Meiderich Wanheimerort	Erlangen 1972	Frechen 1960	Gifhorn 1961
Duisburg-Hamborn 1958	Eschborn 1975	Freiburg (Breisgau) 1960 with sub-branches Am Siegesdenkmal Rathausgasse	Gladbeck 1960
Duisburg-Homberg 1969	Eschwege 1908 (1830)	Freilassing 1980	Glinde 1970
Duisburg-Rheinhausen 1961	Eschweiler 1968	Freising 1989	Glückstadt 1968
Duisburg-Ruhrort 1960	Essen 1907 (1896) with sub-branches Altenessen Borbeck Bredeney Essen-Süd Essen-West Holsterhausen Kray Kupferdreh Rütterscheid Steele Viehofer Platz Wasserturm	Freudenstadt 1980	Goch 1967
Duisburg-Walsum 1965 (1954)	Essen-Kettwig 1974	Friedberg (Hesse) 1910	Göppingen 1959 (1927)
● <b>E</b>	Esslingen 1965	Friedrichshafen 1967	Göttingen 1923 (1850) with sub-branches Eichendorffplatz Weende
Eckernförde 1960	Ettlingen 1967	Fürstenfeldbruck 1987	Goslar 1929 (1907)
Ehingen (Danube) 1980	Euskirchen 1960	Fürth (Bavaria) 1918 (1872) with sub-branches Komotauer Strasse Waldstrasse	Greven (Westphalia) 1961
Einbeck 1969	● <b>F</b>	Fulda 1922 (1887)	Grevenbroich 1960
Eislingen 1975	Fellbach (Württ.) 1960	● <b>G</b>	Gross Gerau 1968
Elmshorn 1921	Filderstadt-Bernhausen 1988	Gaggenau 1987	Gütersloh 1965
Emden 1923 with sub-branch Rathausplatz	Flensburg 1955 with sub-branches Industriegebiet ( <i>industrial estate</i> ) Mürwik Südermarkt	Garbsen 1965	Gummersbach 1919 (1870)
Emmendingen 1978	Frankenthal (Palatinate) 1963	Garmisch-Partenkirchen 1969	● <b>H</b>
Emmerich 1965 (1951) with paying office Elten	Frankfurt 1856 with sub-branches Adickesallee Alt-Bornheim Am Eschenheimer Tor Am Opernplatz Bockenheim Bornheim Dornbusch Flughafen ( <i>airport</i> ) Galluswarte	Geesthacht 1974	Haan (Rhineland) 1967
Emsdetten 1970		Geislingen (Steige) 1974	Hagen 1900 (1858) with sub-branches Elsey Haspe Mittelstrasse Wehringhausen
Enger 1967		Gelsenkirchen 1918 (1906) with sub-branches Am Stern Erle Horst Neustadt	Hagen-Hohenlimburg 1906
Ennepetal 1965		Gelsenkirchen-Buer 1920	Haltern (Westphalia) 1974





Hamburg, Gänsemarkt Branch

Bramfeld  
 Dehnhaide  
 Eidelstedt  
 Eilbek  
 Eimsbüttel  
 Eppendorf  
 Freihafen (*free port*)  
 Fuhlsbüttel  
 Gänsemarkt  
 Geschäftsstadt Nord  
 Grindelberg  
 Hamm  
 Hammerbrook  
 Hoheluft  
 Lokstedt  
 Lurup  
 Messberg  
 Mittelweg  
 Mundsburg  
 Neugraben  
 Osdorf  
 Osterstrasse  
 Othmarschen  
 Poppenbüttel  
 Rahlstedt  
 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 (1870)  
 with sub-branches  
 Grossauheim  
 Nürnberger Strasse  
 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  
 1909  
 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 (1925)  
 with sub-branches  
 Dammstrasse  
 Marienburger Platz  
 Zingel  
 Hockenheim  
 1973  
 Hof (Saale)  
 1968  
 Hofheim (Taunus)  
 1967  
 Holzminden  
 1923 (1884)  
 Hoya (Weser)  
 1954 (1927)  
 Husum  
 1959  
 ● **I**  
 Ibbenbüren  
 1971  
 Idar-Oberstein  
 1963  
 with sub-branch  
 Idar  
 Idstein (Taunus)  
 1975  
 Ingelheim  
 1973

Ingolstadt  
 1963  
 Iserlohn  
 1905 (1838)  
 with sub-branch  
 Schillerplatz  
 Iserlohn-Letmathe  
 1969  
 Itzehoe  
 1966  
 ● **J**  
 Jülich  
 1971  
 ● **K**  
 Kaarst  
 1980  
 Kaiserslautern  
 1961  
 Kaltenkirchen  
 1970  
 Kamen  
 1962  
 Kamp-Lintfort  
 1967  
 Karlsruhe  
 1953 (1939)  
 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  
 Holtenuer Strasse Nord  
 Holtenuer Strasse Süd  
 Kirchhofallee  
 Wellingdorf  
 Kirchheim (Teck)  
 1968  
 Kirn (Nahe)  
 1968



Kleve  
1918 (1871)

Koblenz  
1961  
with sub-branch  
Bahnhofplatz

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

● **L**

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

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



Ahrensburg Branch

● **M**

Maintal-Dörnigheim  
1973

Mainz  
1914 (1909)  
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 (1888)

Marl-Hüls  
1955

Mayen  
1954 (1873)

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

Mühdorf (Inn)  
1968

Mühlheim (Main)  
1967

Mülheim (Ruhr)  
1918 (1861)  
with sub-branches  
Schloss-Strasse  
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  
Lindwurmstrasse  
MAN-Allach  
Moosach  
Nymphenburger Strasse  
Pasing  
Reichenbachplatz  
Riesenfeldstrasse  
Rosenheimer Platz  
Rotkreuzplatz  
Schleissheimer Strasse  
Schwanthalerstrasse  
Thalkirchner Strasse  
Thomasiusplatz

Münster (Westphalia)  
1919 (1912)  
with sub-branches  
Hammer Strasse  
Hansaring  
Karstadt-Haus  
Warendorfer Strasse

● N

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)



Trier Branch



Bayreuth Branch

Norderstedt  
1962

Nordhorn  
1953

Northeim (Hanover)  
1960

Nürnberg (*Nuremberg*)  
1918 (1872)  
with sub-branches  
Friedrich-Ebert-Platz  
Gibitzenhof  
Königstrasse  
Kopernikusplatz  
Langwasser  
Plärrer  
Schweinau  
Stresemannplatz  
and paying office  
Karstadt-Haus  
Königstrasse

● O

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 (1810)  
with sub-branches  
Bramscher Strasse  
Johannisstrasse  
Lotter Strasse

Osterholz-Scharmbeck  
1966

Osterode (Harz)  
1929 (1872)

Ottobrunn  
1979

● P

Paderborn  
1909 (1890)  
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

● Q

Quickborn (Holstein)  
1975

● R

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 (Hamburg district)  
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

● S

Saarburg (near Trier)  
1967

Salzgitter-Lebenstedt  
1958

St. Georgen  
1976

Sarstedt  
1962

Schleswig  
1962

Schneverdingen  
1970

Schöningen  
1912

Schorndorf  
1977

Schwabach  
1967

Schwäbisch Gmünd  
1968



VS-Villingen Branch



Weyhe-Kirchweyhe Branch

Schwalbach (Taunus)  
1974

Schweinfurt  
1963

Schwelm  
1919

Schwerte (Ruhr)  
1959 (1928)

Schwetzingen  
1969

Siegburg  
1960

Siegen  
1919  
with sub-branches  
Eiserfeld  
Kaan-Marienborn  
Weidenau

Sigmaringen  
1988

Simmerath  
1982

Sindelfingen  
1962

Singen (Hohentwiel)  
1967

Sinsheim  
1969

Soest  
1961

Solingen  
1903 (1845)  
with sub-branch  
Höhscheid

Solingen-Ohligs  
1903 (1899)

Solingen-Wald  
1960

Speyer  
1975

Sprockhövel  
1967

Stade  
1954 (1920)

Stadtallendorf  
1967

Steinhagen  
1965

Stolberg  
1920 (1878)

Straubing  
1966

Stuttgart  
1919 (1881)  
with sub-branches  
Degerloch  
Feuerbach  
Marienplatz  
Ostendplatz  
Rosenbergplatz  
Rotebühlplatz  
Schloss-Strasse  
Untertürkheim  
Vaihingen a. F.  
Wangen  
Weilimdorf  
Zuffenhausen

Stuttgart-Bad Cannstatt  
1956

● T

Traunstein  
1988

Trier  
1959

Troisdorf  
1965

Tübingen  
1958 (1872)

Tuttlingen  
1975

● U

Uelzen  
1919

Uetersen (Holstein)  
1961

Ulm (Danube)  
1963

Unna  
1959

Unterföhring  
(near Munich)  
1967

● V

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)

● **W**

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 (1818)

Weyhe-Kirchweyhe  
1954 (1923)

Weyhe-Leeste  
1954 (1928)

Wiehl (Cologne district)  
1962

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

Wiesloch  
1987

Wildeshausen  
1974

Wilhelmshaven  
1954  
with sub-branch  
Gökerstrasse

Winsen (Luhe)  
1970

Wipperfürth  
1975

Wissen (Sieg)  
1967

Witten  
1922

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  
Werth  
Wichlinghausen

Wuppertal-Barmen  
1867 (1810)

● **X**

Xanten  
1965

● **Z**

Zirndorf  
1970



International Trade Centre, East Berlin

Bonn Liaison Office:  
Bundeskanzlerplatz 2-10  
D-5300 Bonn

**Commerzbank  
in East Germany**

Commerzbank AG  
Representative Office for the  
German Democratic Republic  
Manager:  
Wolfgang H. Hufenbecher  
Internationales  
Handelszentrum GmbH (IHZ)  
P.O.B. 101/Zentralservice  
Friedrichstrasse  
Berlin - East Germany



## **Belgium**

Commerzbank AG  
Succursale de Bruxelles  
Managers: Wilhelm von Carlowitz,  
Werner Weimann  
Avenue des Arts 19 H  
B-1040 Bruxelles  
Boîte Postale 1342  
B-1000 Bruxelles

Commerzbank AG  
Bijhuis Antwerpen  
Manager: André Bosmans  
Frankrijklei 65  
B-2000 Antwerpen

## **Cayman Islands**

Commerzbank AG  
Grand Cayman Branch  
For address, see New York Branch

## **France**

Commerzbank AG  
Succursale de Paris  
Managers: Hansjörg Braun,  
Andreas de Maizière  
3, Place de l'Opéra  
F-75002 Paris  
Boîte Postale 442  
F-75065 Paris Cédex 02

## **Hong Kong**

Commerzbank AG  
Hong Kong Branch  
Managers: Dr. Bernhard Heye,  
Detlef Patrick Schild  
21, F Hong Kong Club Building  
3a Chater Road  
G.P.O. Box 11378  
Hong Kong

## **Japan**

Commerzbank AG  
Tokyo Branch  
Managers: Heinrich Röhrs,  
Folker Streib  
Nippon Press Center Building  
2-2-1 Uchisaiwai-cho, Chiyoda-ku  
Tokyo  
C.P.O. Box 1727  
Tokyo 100-91 (Japan)

Commerzbank AG  
Osaka Office  
Managers: Horst Straub,  
Migaku Takawa  
Nichimen Building, 7th floor  
2-2-2 Nakanoshima, Kita-ku  
Osaka 530 (Japan)

## **Singapore**

Commerzbank AG  
Singapore Branch  
Manager: Joachim G. Fuchs  
Treasury Building  
8, Shenton Way #32-01  
Singapore 0106  
P.O. Box 3314  
Robinson Road  
Singapore 9053

## **Spain**

Commerzbank AG  
Sucursal en España  
Managers: Dr. Dieter Joswig,  
Wilhelm Zeise  
Paseo de la Castellana 141  
Edificio "Cuzco IV"  
E-28046 Madrid  
Apartado 50612  
E-28080 Madrid

Commerzbank AG  
Sucursal en España  
Oficina de Barcelona  
Managers: Reimer Kölln,  
Guenter Lessenich  
Consejo de Ciento 357-359  
5a planta  
E-08007 Barcelona

## **United Kingdom**

Commerzbank AG  
London Branch  
Managers: Gottfried O. Bruder,  
Jürgen Lemmer  
10-11 Austin Friars  
GB-London EC2N2HE  
P.O. Box 286  
GB-London EC 2P 2JD

## **Foreign Branches**

### **USA**

Commerzbank AG  
New York Branch  
Managers: Hermann Bürger,  
Klaus Manfred Patig  
55 Broad Street  
New York, N.Y. 10004-2552 (USA)

Commerzbank AG  
Chicago Branch  
Managers: Heinz-Martin Humme,  
Rainer H. Wedel  
55 East Monroe Street, Suite 4640  
Chicago, IL 60603 (USA)

Commerzbank AG  
Atlanta Agency  
Manager: Peter K. Thiels  
1360 Peachtree Street N.E.  
Suite 1720  
Atlanta, GA 30309 (USA)

Commerzbank AG  
Los Angeles Branch  
Manager: Helmut M. Weidenbach  
660 S. Figueroa Street, Suite 1450  
Los Angeles, CA 90017 (USA)



## Representative Offices Abroad

### Argentina, Chile, Paraguay, Uruguay

Karl-Lutz Ammann  
Representante del  
Commerzbank AG  
Avenida Corrientes 456  
10° p. of. 106  
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  
Rua Pedroso Alvarenga, 1208  
16° andar  
04531 São Paulo-SP  
Caixa Postal 7441  
01051 São Paulo-SP (Brazil)

Commerzbank Rio de Janeiro  
Serviços Ltda.  
Reinhard Riegel  
Av. Rio Branco 123, conj. 706  
20040 Rio de Janeiro-RJ  
Caixa Postal 910  
20001 Rio de Janeiro-RJ (Brazil)

### Canada

Representative Office for Canada  
Robert Bräunig  
Royal Bank Plaza, South Tower  
Suite 3190  
P.O. Box 191  
Toronto, Ontario M5J 2J4 (Canada)

### China (People's Republic)

Representative Office Beijing  
Hans-Kurt Schäfer  
8-4 CITIC International Building  
8th floor  
19, Jian Guo Men Wai Da Jie  
Beijing  
(People's Republic of China)

### Denmark, Finland, Iceland, Norway, Sweden

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

### Egypt, Sudan, Ethiopia

Representative Office Cairo  
Ulrich Thomas Bartoszek  
2, Aly Labib Gabr Street  
(ex. Behler)  
P.O. Box 1944  
Cairo (A.R.E./Egypt)

### India

Representative Office for India  
Hans H. Seidl  
75, Free Press House, 7th floor  
215, Free Press Journal Road  
Nariman Point  
Bombay 400021 (India)

### Indonesia

Representative Office for Indonesia  
Thomas A. Verlohr  
Panin Centre Building, 4th floor  
Jalan Jendral Sudirman  
Jakarta 10270 (Indonesia)

### Iran

Representative Office Tehran  
Dieter Vossen  
Avenue Karim Khan Zand No. 69  
P.O. Box 15745-757  
Tehran 15 (Iran)

### Italy

Ufficio di Rappresentanza per l'Italia  
Peter Guna  
Via Passarella 4  
20122 Milano (Italy)

### Mexico, Central America, Caribbean Islands

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

### Middle East

Representative Office Bahrain  
Eberhard Brodhage  
UGB Tower, 4th floor  
Diplomatic Area  
P.O. Box 11800  
Manama (Bahrain)

### Southern Africa

Representative Office  
Johannesburg  
Götz A. Hagemann  
4315 Carlton Centre  
Commissioner Street  
Johannesburg 2001  
C.C. Box 99-308  
Carlton Centre  
Johannesburg 2000  
(Republic of South Africa)

### South Korea

Seoul Representative Office  
Dirk Rohde  
6th floor, Doosan Bulding  
101-1, 1-ka, Ulchi-ro, Chung-ku  
C.P.O. Box 4558  
Seoul (Republic of Korea)

### Thailand

Representative Office  
in the Kingdom of Thailand  
Helmut Jung  
[to be opened in 1990]

### Turkey

Representative Office  
for Turkey  
Norbert Gies  
Metec Caddesi 20/4  
P.O. Box 638 Beyoğlu  
80090 Taksim-Istanbul (Turkey)

### USSR

Representative Office Moscow  
Wilhelm Nüse  
Pereulok Sadovskich 4  
4th floor, Office No. 9  
Moscow 103001 (USSR)

### Venezuela, Colombia

Peter Werner  
Representante del  
Commerzbank AG  
Edificio Plaza el Venezolano  
Chorro a Dr. Paul No. 25 y 27  
Piso 5, Oficina C  
Apartado de Correos 5074  
Caracas 1010 A (Venezuela)



## Domestic Subsidiaries

### **Berliner Commerzbank AG**

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

with 60 sub-branches

### **RHEINHYP**

#### **Rheinische Hypothekenbank AG**

Head Office:  
Taunustor 3  
D-6000 Frankfurt/Main 1

with 11 sub-branches

#### **Commerz-Credit-Bank Aktiengesellschaft Europartner**

Faktorei Strasse 4  
D-6600 Saarbrücken

with 8 branch offices  
in Saarland

#### **von der Heydt-Kersten & Söhne**

Neumarkt 9  
D-5600 Wuppertal-Elberfeld

#### **Ilseder Bank, Sandow & Co.**

Braunschweiger Strasse 28  
D-3150 Peine

#### **Commerz- und Industrie-Leasing GmbH**

Neue Mainzer Strasse 1  
D-6000 Frankfurt/Main 1

#### **Commerzbank Investment Management Gesellschaft mbH Commerzinvest**

Opernplatz 2  
D-6000 Frankfurt/Main 1

#### **Commerz International Capital Management GmbH**

Kettenhofweg 22  
D-6000 Frankfurt/Main 1

## Foreign Subsidiaries

### **Commerzbank International S.A.**

Managers: Wolfgang Möller,  
Klaus Tjaden  
11, rue Notre-Dame  
L-2240 Luxembourg  
Boîte Postale 303  
L-2013 Luxembourg

### **Commerzbank (Nederland) N.V.**

Managers: Bernhard Hafner,  
Michael Hoffmann  
Herengracht 571-579  
NL-1017 CD Amsterdam  
Postbus 140  
NL-1000 AC Amsterdam

with branch office at Rotterdam

Manager: Simon Schnitker  
Westblaak 6  
NL-3012 KK Rotterdam  
Postbus 2152  
NL-3000 CD Rotterdam

### **Commerzbank (South East Asia) Ltd.**

Manager: Joachim G. Fuchs  
Treasury Building  
8, Shenton Way # 32-01  
Singapore 0106  
P.O. Box 3314  
Robinson Road  
Singapore 9053

### **Commerzbank (Switzerland) Ltd**

Managers: Horst Engel,  
Wolfgang Perlwitz  
Lintheschergasse 7  
Postfach 7383  
CH-8023 Zürich 1

with branch office at Geneva  
Manager: Jean-Pierre de Glutz  
86, Rue du Rhône  
CH-1204 Genève  
Case Postale 95  
CH-1211 Genève 3

### **Commerzbank Capital Markets Corporation**

Managers: Gerhard P. Mercker,  
Karl Oellinger  
One World Trade Center  
Suite 4047  
New York, N. Y. 10048 (USA)

## Subsidiaries and Related Banks

(Majority holdings)

### **Commerz Securities (Japan) Company Ltd.**

Tokyo Branch  
Managers: Peter Bürger,  
Robert Firbas von Harryegg  
Shin Kasumigaseki Building, 9th floor  
3-3-2 Kasumigaseki, Chiyoda-ku  
C.P.O. Box 939  
Tokyo 100 (Japan)

### **CICM (Ireland) Limited**

Carrisbrook House  
Pembroke Road  
Dublin 4 (Ireland)

### **CB Finance Company B.V.**

Amsterdam (Netherlands)

### **Commerzbank Overseas Finance N.V.**

Curaçao (Netherlands Antilles)

### **Commerzbank U.S. Finance, Inc.**

Wilmington/Delaware (USA)



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## 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 –  
União de Bancos Brasileiros S.A.  
São Paulo

### **Egypt**

Misr International Bank S.A.E.  
Cairo

### **France**

Cholet – Dupont S.A.  
Paris

### **Indonesia**

P. T. Finconesia Financial  
Corporation of Indonesia  
Jakarta

### **Luxembourg**

Europartners Holding S.A.  
Luxembourg  
Handelsgest S.A.R.L., Luxembourg  
Indugest S.A.R.L., 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

### **Singapore**

The Development Bank  
of Singapore Ltd.  
Singapore

### **South Korea**

Korea International Merchant Bank  
Seoul

### **Spain**

Banco Hispano Americano S.A.  
Madrid  
Corporación Financiera Hispamer S.A.  
Madrid

### **Switzerland**

Finanzierungsgesellschaft VIKING  
Zurich

### **United Kingdom**

International Commercial Bank PLC  
London



**EUROPARTNERS HIGHLIGHTS<sup>1)</sup>**

**BANCO DI ROMA**

	Mid-1989	Mid-1988	Change
Balance Sheet Total	DM98,577 million	DM82,174 million	+20.0%
Deposits	DM75,042 million	DM67,430 million	+11.3%
Capital and Reserves	DM 2,245 million <sup>2)</sup>	DM 2,463 million	- 8.9%
Branches	388	371	+ 4.6%
Number of Accounts	1,580,300	1,269,700	+24.5%
Staff	13,860	14,134	- 1.9%

**BANCO HISPANO AMERICANO**

	End-1989	End-1988	Change
Balance Sheet Total	DM55,187 million	DM49,408 million	+11.7%
Deposits	DM45,562 million	DM43,387 million	+ 5.0%
Capital and Reserves	DM 3,152 million	DM 3,011 million	+ 4.7%
Branches	1,466	1,418	+ 3.4%
Number of Accounts	3,334,200	3,312,500	+ 0.7%
Staff	14,535	15,015	- 3.2%

**COMMERZBANK**

	End-1989	End-1988	Change
Balance Sheet Total	DM191,554 million	DM180,400 million	+ 6.2%
Deposits	DM180,794 million	DM170,835 million	+ 5.8%
Capital and Reserves	DM 6,572 million	DM 5,647 million	+16.4%
Branches	897	888	+ 1.0%
Customers	3,107,200	2,968,400	+ 4.7%
Staff	27,631	27,319	+ 1.1%

**CRÉDIT LYONNAIS**

	Mid-1989	Mid-1988	Change
Balance Sheet Total	DM349,393 million	DM286,236 million	+22.1%
Deposits	DM306,418 million	DM249,412 million	+22.9%
Capital and Reserves	DM 10,817 million	DM 8,537 million	+26.7%
Branches <sup>3)</sup>	2,358	2,496	- 5.5%
Customers <sup>3)</sup>	4,845,000	4,669,100	+ 3.8%
Staff <sup>3)</sup>	44,318	44,905	- 1.3%

**EUROPARTNERS GROUP**

	1989	1988	Change
Balance Sheets Total	DM694,711 million	DM598,218 million	+16.1%
Deposits	DM607,816 million	DM531,064 million	+14.5%
Capital and Reserves	DM 22,788 million	DM 19,658 million	+15.9%
Branches	5,109	5,173	- 1.3%
Staff	100,344	101,373	- 1.0%

<sup>1)</sup> figures for respective group (Banco di Roma: parent bank); partner banks' balance sheet data given in D-marks, converted according to the official middle rates of the respective closing days;

<sup>2)</sup> not including allocation to revenue reserves;

<sup>3)</sup> figures for parent bank only.



Commerzbank International S.A. Luxembourg  Capital: DM568.4m 100.0%	Commerzbank (Nederland) N.V. Amsterdam  Capital: Dfl63.0m 100.0%	Commerzbank (South East Asia) Ltd. Singapore  Capital: S\$96.6m 100.0%	Commerzbank (Switzerland) Ltd Zurich  Capital: Sfr67.4m 100.0%
Commerzbank Capital Markets Corporation New York  Capital: US\$17.9m 100.0%	Commerz Securities (Japan) Company Ltd. Hong Kong/Tokyo  Capital: HK\$150.5m 50.0%	Banco Hispano Americano S.A. Madrid  Capital: ptas179.0bn 11.4%	Korea International Merchant Bank Seoul  Capital: won44.0bn 20.9%
UBAE Arab German Bank S.A. Luxembourg/Frankfurt  Capital: DM78.6m 25.1%	Unibanco – União de Bancos Brasileiros S.A. São Paulo  Capital: NCz\$6.5bn 10.2%		

#### Asset management companies

Commerz International Capital Management GmbH Frankfurt  Capital: DM10.3m 100.0%	CICM (Ireland) Ltd. Dublin  Capital: DM0.4m 75.0%
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#### Financing companies

CB Finance Company B.V. Amsterdam  Capital: Dfl12.8m 100.0%	Commerzbank Overseas Finance N.V. Curaçao  Capital: DM10.4m 100.0%	Commerzbank U.S. Finance, Inc. Wilmington/Delaware  Capital: US\$0.03m 100.0%
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## MAJOR FINANCIAL HOLDINGS OF COMMERZBANK AG

RHEINHYP Rheinische  
Hypothekenbank AG  
Frankfurt

Capital:  
DM1.1bn 97.0%

Berliner Commerzbank AG  
West Berlin

Capital:  
DM468.2m 100.0%

Commerz-Credit-Bank AG  
Europartner  
Saarbrücken

Capital:  
DM54.1m 65.0%

Deutsche  
Schiffsbank AG  
Bremen/Hamburg

Capital:  
DM136.5m 40.0%

Leonberger  
Bausparkasse AG  
Leonberg

Capital:  
DM292.1m 39.9%

Versicherungs-Holding der  
Commerzbank + Partner AG  
Wiesbaden

Capital:  
DM118.8m 50.0%

### Asset management companies

ADIG Allgemeine Deutsche  
Investment-Gesellschaft mbH  
Munich/Frankfurt

Capital:  
DM50.8m 33.3%

Commerzbank Investment  
Management GmbH  
Frankfurt

Capital:  
DM7.2m 100.0%

Deutsche Grundbesitz-  
Anlagegesellschaft mbH  
Frankfurt

Capital:  
DM3.5m 30.0%<sup>1)</sup>

Deutsche Grundbesitz-  
Investmentgesellschaft mbH  
Frankfurt

Capital:  
DM23.4m 30.0%<sup>1)</sup>

### Leasing companies

Commerz-und Industrie-  
Leasing GmbH  
Frankfurt

Capital:  
DM10.2m 100.0%

Deutsche Immobilien  
Leasing GmbH  
Düsseldorf

Capital:  
DM36.3m 50.0%

### Holding companies

Commerz Beteiligungs-  
gesellschaft mbH  
Bad Homburg v.d.H.

Capital:  
DM1.1m 100.0%

Commerz Unternehmens-  
beteiligungs-AG  
Frankfurt

Capital:  
DM40.5m 50.0%

WBB Wirtschaftspartner  
Beteiligungsgesellschaft mbH  
West Berlin

Capital:  
DM23.6m 19.4%<sup>2)</sup>

### Tertiary-sector partners

Karl Baumgartner + Partner  
Consulting KG  
Sindelfingen

25.1%

Immobiliengruppe  
Müller International  
Düsseldorf

planned: 25.0%<sup>2)</sup>

Capital = equity capital <sup>1)</sup> since 1.1.1990 <sup>2)</sup> partly indirect





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