

**COMMERZBANK**   
ZVO-Dokumentation

Annual Report

1985

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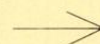
**COMMERZBANK** Highlights  
Parent Bank and Group

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Supplement: The economic scene in 1985/1986

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# COMMERZBANK Highlights

## Parent Bank

at year-end	1985	1984
Total assets	DM82,606.9m	DM72,758.6m
Total lending	DM50,251.8m	DM48,838.8m
Capital and reserves	DM 3,336.2m	DM 2,711.4m
Dividend paid per DM50 nominal share	DM8.00	DM6.00
Tax credit (in addition to cash dividend)	DM4.50	about DM3.38

## Group<sup>1)</sup>

in DM m., at year-end			in DM m., at year-end		
<b>Assets</b>	1985	1984	<b>Liabilities and Shareholders' Equity</b>	1985	1984
Cash reserves	3,209	4,278	Liabilities to banks	36,632	29,874
Cheques, collection items	553	483	Customers' deposits	54,833	51,888
Bills of exchange	2,188	1,766	a) demand deposits	(13,837)	(11,265)
Claims on banks	37,479	28,000	b) time deposits	(28,678)	(28,959)
Treasury bills	2,038	1,666	c) savings deposits	(12,318)	(11,664)
Bonds and notes	9,746	7,157	Bonds outstanding	37,774	33,922
Shares	1,024	930	Other liabilities	3,950	3,750
Loans and advances to customers	76,422	74,603	Capital and reserves <sup>2)</sup>	3,808	3,115
a) at agreed periods of less than four years	(29,020)	(29,055)	a) share capital	(887)	(844)
b) at agreed periods of four years or more	(47,402)	(45,548)	b) reserves	(2,024)	(1,868)
Investments	979	793	c) profit-sharing certificates outstanding	(425)	(-)
Land and buildings	698	644	d) reserve arising from consolidation <sup>3)</sup>	(425)	(355)
Other assets	2,888	2,367	e) minority interests <sup>4)</sup>	(47)	(48)
<b>Total Assets</b>	<b>137,224</b>	<b>122,687</b>	Consolidated profit	227	138
<b>Net income for the year</b>	<b>346</b>	<b>263</b>	<b>Total Liabilities and Shareholders' Equity</b>	<b>137,224</b>	<b>122,687</b>
Branches	882	882	Endorsement liabilities	2,347	2,297
Customers	2,663,200	2,588,100	<b>Business volume</b>	<b>139,571</b>	<b>124,984</b>
Staff	24,154	22,801	Guarantees	9,995	9,618

<sup>1)</sup> for complete Consolidated Annual Accounts see pages 66 to 69;

<sup>2)</sup> 1985: DM3,860m (1984: DM3,143m) after allocation of funds decided upon at AGMs of consolidated companies;

<sup>3)</sup> in accordance with Section 331 (1) 3 of the German Stock Corporation Act-AktG (cf. page 63);

<sup>4)</sup> excluding attributable share of profits.

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1985 performance of the Commerzbank share

year-end, 1984: DM169.50  
High: Dec 30, 1985: DM367.00  
Low: Feb 26, 1985: DM162.00  
year-end, 1985: DM367.00

(Frankfurt stock exchange spot quotations for  
DM50 nominal share)

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

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

Highlights of Commerzbank's history

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

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Annual Accounts and Report  
for the Year 1985

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**COMMERZBANK**   
A K T I E N G E S E L L S C H A F T

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### **Headquarters**

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<u>Frankfurt</u>	32-36 Neue Mainzer Strasse, D-6000 Frankfurt, Telephone (069) 1 3621, Telex 4 152 530
<u>Düsseldorf</u>	25 Breite Strasse, D-4000 Düsseldorf, Telephone (02 11) 82 71, Telex 8 581 381
<u>Hamburg</u>	7-9 Ness, D-2000 Hamburg, Telephone (040) 36 1321, Telex 2 12 391

All International Departments are in Frankfurt.

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# Contents

	Page		Page
<b>Agenda of the Annual General Meeting</b>	6	<b>Consolidated Annual Report and Accounts for the financial year 1985</b>	
<b>Supervisory Board and Advisory Board</b>	7/8	Notes on the Consolidated Annual Accounts	55
<b>Board of Managing Directors</b>	9	Consolidated Balance Sheet as at Dec 31, 1985	66/67
Executive Vice Presidents and Chief Legal Adviser	10	Consolidated Profit and Loss Account for the year ended Dec 31, 1985	68/69
<b>Report of the Board of Managing Directors</b>		Performance of major subsidiaries:	
The Bank's progress:		Berliner Commerzbank AG, Berlin	70
The 1985 banking year	11	Commerzbank International S.A., Luxembourg	72
General performance of Commerzbank	11	Commerzbank (Nederland) N.V., Amsterdam	74
Serving our business customers	18	Commerzbank (South East Asia) Ltd., Singapore	76
Serving our private customers	21	Rheinische Hypothekenbank AG, Frankfurt	78
Syndicate and stock exchange business	23	Holdings in affiliated and other companies (chart)	80/81
International activities	26		
Staff and welfare report	29	<b>Appendices</b>	
Advanced training for employees – an investment for the future	32	Syndicate transactions in 1985	83
<b>Report of the Supervisory Board</b>	47	Headquarters and domestic branches	88
<b>Parent Bank's 1985 Annual Accounts</b>		Foreign branches	94
Notes on the Parent Bank's Annual Accounts	39	Domestic and foreign subsidiaries and related banks	95
Business progress from Jan 1, 1982, to Dec 31, 1985	48	Representative offices abroad	96
Balance Sheet as at Dec 31, 1985	50/51	Holdings in foreign financial institutions	97
Profit and Loss Account for the year ended Dec 31, 1985	52/53	The Europartners overseas	99/100
		The Europartners in Europe	101
<b>Supplement: The Economic Scene in 1985/1986</b>			
	Page in Supplement		Page in Supplement
World economy: on an upward trend	3	Modest growth in lending	18
West Germany: shift in impulses	7	New dimensions for capital market	19
Record year in foreign trade	11	International financial markets: dollar reversal and wealth of innovations	23
Fiscal policy: no alternative to consolidation	15	EEC now with twelve members	27
No major problems for monetary policy	17	Outlook: Need to focus more on long-term prospects	27

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. Economics and PR Dept.).

ISSN 0414-0443



## FRANKFURT

Commerzbank's 1986 Annual General Meeting will take place on May 23 in Frankfurt's "Alte Oper" where shareholders will be informed of the Bank's 1985 performance and expectations for the current year.

Frankfurt's reputation as a financial centre is based on the presence of roughly 360 German and foreign banks; it is also the home of the Bundesbank. Last year, on its 400th anniversary, the city's stock exchange confirmed its significance as Germany's leader in securities trading with a record turnover of DM98bn in shares and DM121bn in bonds.

Commerzbank has been active in the city for about 125 years, initially as Mitteldeutsche Creditbank. Since 1970, the Bank has made its Frankfurt main office into its headquarters, moving in 1974 into the new buildings, which were the first to establish the tone of the modern banking quarter.

Today, some 3,500 Commerzbank employees work in Frankfurt, chiefly at the Bank's headquarters. The network controlled by the Frankfurt regional main office comprises 45 branches, in which over 900 employees are active on behalf of considerably more than 100,000 customers.



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To our shareholders,

Commerzbank operated very successfully in all sectors of activity in 1985. The other members of the Commerzbank Group also performed well in terms of both the volume of business done and income earned.

In our retail operations, we were able to enlarge our market share on the borrowing and lending sides alike. Similarly, we further developed the entire range of our wholesale business—the other main pillar of our activities—especially as regards both our corporate lending and the handling of the financial side of West Germany's external trade, including foreign exchange dealings.

Above all, though, the year under review saw excellent securities business. With stock exchange transactions doubling, our commissions also surged strongly and, as in the case of forex trading, we achieved very good own-account earnings in the securities markets.

The operating results of both the Parent Bank and the other members of the Commerzbank Group attained new all-time highs, allowing us not only to raise our dividend payment by a third but also to continue to provide generously for possible loan losses. We did not, however, increase the allocation to reserves at the Parent Bank, particularly as this would only have been possible from fully taxed income. Instead, we carried out two sizeable equity-raising operations in the market, in summer 1985 and February 1986, respectively.

Our earnings in 1985 were to a large extent also dependent on the vagaries of the market, and we made the most of the opportunities offered. The Bank's successful performance, however, remains rooted in its net interest and dividend income. By appropriately steering liquidity and having recourse to innovative borrowing instruments, we are constantly seeking to keep the cost of our funding to a minimum so as to defend our interest margin despite continued, fierce competition on the lending side. At the same time, we are developing ingenious ways of procuring finance for our customers in West Germany and throughout the world.

We have prepared ourselves for the future in a twofold respect—by adding to our staff and by considerably broadening our equity base. First of all, we availed ourselves of the possibility created by the amended German Banking Act to widen the Group's scope for lending by the

issue of profit-sharing certificates; subsequently, we raised DM900 million additional capital through new shares—the Bank's largest measure of this kind to date. The resulting improvement in the ratio of share capital to reserves widens our future scope for dividend payments.

In view of this solid equity backing, Commerzbank today is more stable than ever. Yet what ultimately determines the quality of a financial institution is the engagement and expertise of its employees. In the current year, too, we wish to continue our active personnel policy: by providing new jobs, especially in the customer-service sectors, on the one hand, and by appropriate further training measures, on the other.

This year we invite our shareholders to Frankfurt for our Annual General Meeting to be held on Friday, May 23. Next year, we intend to present our report on the Bank's performance on May 22, in Hamburg.

March 1986



Chairman of the  
Supervisory Board



Chairman of the Board  
of Managing Directors

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# 34th Annual General Meeting

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Notice is hereby given that the **34th Annual General Meeting** of shareholders of Commerzbank AG will be held at the Alte Oper Frankfurt, Opernplatz, Frankfurt/Main,

**at 10.30 a. m.  
on Friday, May 23, 1986.**

## Agenda

**1  
To consider  
the Bank's established Annual Accounts,  
the Report of its Board of Managing Directors,  
and the Report of its Supervisory Board,  
together with the  
Consolidated Annual Accounts  
and the Group Report  
for the year ended December 31, 1985.**

**2  
To resolve on  
the appropriation of the distributable profit.**

The Board of Managing Directors and the Supervisory Board propose that the distributable profit of DM161,668,130.00 achieved in the financial year 1985 be appropriated as follows:

To use that part of the profit which shareholders are entitled to claim under Section 58 (4) of the German Stock Corporation Act (AktG), viz. DM142,011,880.00,

for the payment of a dividend of DM8.00 per share of DM50.00 nominal on the share capital of DM887,574,250.00 as of December 31, 1985.

Pursuant to Section 23 (2) of the Bank's statutes and to the conditions of issue of the profit-sharing certificates launched by the Bank in July 1985 to a total nominal value of DM425,000,000.00, there remains an amount of DM19,656,250.00 for distribution from the year's profit to holders of these certificates, permitting a payment to them of 9.25% p. a., or of half of that figure for the second half of the year.

**3  
To approve the actions  
of the Board of Managing Directors  
during the financial year 1985.**

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

**4  
To approve the actions  
of the Supervisory Board  
during the financial year 1985.**

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

**5  
Replacement elections  
of members of the Supervisory Board.**

Dr. Heinz Kriwet retired from the Bank's Supervisory Board on March 20, 1986. In his stead, the Registration Court of competent venue appointed as of March 21, 1986 Mr. Heinrich Weiss, Dipl.-Ing., Düsseldorf, Chairman of the Board of Managing Directors of SMS Schloemann-Siemag AG, a member of the Bank's Supervisory Board until replacement elections to the latter take place.

The Supervisory Board proposes that Mr. Heinrich Weiss, Dipl.-Ing., be elected to the Board in place of retired member Dr. Heinz Kriwet, to serve for the remainder of the latter's term.

Mr. Werner Rinke, barrister, has stated his wish to retire from the Bank's Supervisory Board as from the close of the Annual General Meeting. The Supervisory Board proposes that Mr. Wolfgang Ziemann, Essen, Member of the Board of Managing Directors of Rheinisch-Westfälisches Elektrizitätswerk AG, be elected to serve for the remainder of the latter's term.

The General Meeting is not bound to comply with election proposals. The Supervisory Board is constituted in accordance with Section 96 (1) and Section 101 (1) of the German Stock Corporation Act (AktG) and Section 7 (1) 1,3 of the German Codetermination Act (MbstG).

**6  
To appoint the Auditors  
for the financial year 1986.**

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

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# Supervisory Board

(Aufsichtsrat)

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PAUL LICHTENBERG  
Frankfurt/Düsseldorf  
*Chairman*

HANS-GEORG JURKAT  
Cologne  
Commerzbank AG  
*Deputy Chairman*

DR. E.h. ARNO PAUL BÄUMER  
Stuttgart  
*until May 15, 1985*

KARIN BEHRENS  
Berlin  
Berliner Commerzbank AG

REINHOLD BORCHERT  
Bonn  
Commerzbank AG

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

DR. ROLF DARMSTADT  
Frankfurt  
Commerzbank AG

BRIGITTA DORN  
Frankfurt  
Commerzbank AG

HANS-JOACHIM FUHRMANN  
Frankfurt  
Commerzbank AG

DR. UWE HAASEN  
Stuttgart  
Chairman of the Board of Managing Directors  
of Allianz Lebensversicherungs-AG, and  
Member of the Board of Managing Directors  
of Allianz AG Holding  
*since May 15, 1985*

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

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

FRITZ LOSUKOW  
Frankfurt  
Commerzbank AG

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

WERNER RINKE  
Essen  
Barrister

TONI SCHMÜCKER  
Wolfsburg  
Member of the Supervisory Board  
of Volkswagen AG

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

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

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

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

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

DR. GERD WOLLBURG  
Augsburg  
Deputy Chairman  
of the Board of Managing Directors  
of M.A.N. Maschinenfabrik  
Augsburg-Nürnberg AG

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# Advisory Board

(Verwaltungsbeirat)

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**KURT ALBERTS**

Essen  
Member of the Board of Managing Directors  
of Karstadt AG

**DR.-ING. BURCKHARD BERGMANN**

Essen  
Member of the Board of Managing Directors  
of Ruhrgas AG

**DR. KARLHEINZ BUND**

Essen  
*until December 31, 1985*

**DR. MAX GÜNTHER**

Munich  
Member of the Board of Managing Directors  
of Siemens AG

**DR. HEINZ HORN**

Essen  
Chairman of the Board of Managing Directors  
of Ruhrkohle AG  
*since January 1, 1986*

**DR. WOLFGANG JAHN**

Meerbusch-Büderich

**DR. HANS-JÜRGEN KNAUER**

Mülheim (Ruhr)  
Chairman of the Board of Managing Directors  
of Stinnes AG

**PROFESSOR DR. CARL HEINRICH KRAUCH**

Marl  
Chairman of the Board of Managing Directors  
of Hüls AG

**DR. HEINZ KRIWET**

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

**DR. WOLFGANG LAAF**

Düsseldorf  
Member of the Board of Managing Directors  
of Feldmühle Nobel AG

**DR. GERHARD LIENER**

Stuttgart  
Member of the Board of Managing Directors  
of Daimler-Benz AG

**HONORARY SENATOR**

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

**DR. JÖRG MITTELSTEN SCHEID**

Wuppertal  
Lawyer  
General Partner in Vorwerk + Co.

**RUDOLF AUGUST OETKER**

Bielefeld

**FRIEDRICH ROESCH**

Cologne  
Member of the Supervisory Board  
of Kaufhof AG

**HONORARY SENATOR**

**LOTHAR F. W. SPARBERG**  
Stuttgart  
General Manager  
of IBM Deutschland GmbH

**PROFESSOR DIPL.-ING. ENNO VOCKE**

Essen  
Chairman of the Board of Managing Directors  
of Hochtief AG vorm. Gebr. Helfmann

**HERIBERT WERHAHN**

Neuss  
Partner in Wilh. Werhahn

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# Board of Managing Directors

(Vorstand)

---

WALTER SEIPP  
Frankfurt/Düsseldorf  
*Chairman*

ERICH COENEN  
Düsseldorf

DIETRICH-KURT FROWEIN  
Frankfurt

FRIEDRICH GRUNDMANN  
Hamburg

KURT HOCHHEUSER  
Düsseldorf

GÖTZ KNAPPERTSBUSCH  
Düsseldorf

MARTIN KOHLHAUSSEN  
Frankfurt

JÜRGEN REIMNITZ  
Frankfurt

KURT RICHOLT  
Frankfurt

AXEL FREIHERR von RUEDORFFER  
Hamburg

RABAN FREIHERR von SPIEGEL  
Frankfurt

JÜRGEN TERRAHE  
Frankfurt

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**Executive Vice Presidents**    **Chief Legal Adviser**  
(Generalbevollmächtigte)                      (Chefjustitiar)

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HARRY GAWENAT  
Frankfurt

DR. HELMUT BECKER  
Frankfurt

KLAAS PETER JACOBS  
New York

FRIEDHELM JOST  
Frankfurt

KARL-HEINZ KINDT  
Düsseldorf

ALFRED KNÖR  
Frankfurt

KLAUS MÜLLER-GEBEL  
Frankfurt

WOLFGANG OTTO  
Frankfurt

HERBERT PETERS  
Frankfurt

HERBERT WOLF  
Frankfurt

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# Report of the Board of Managing Directors

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## The Bank's Progress

### The 1985 banking year

The internationalization of the world of finance has continued, and major national markets—just like communicating tubes—are now so closely interlinked as to justify their being regarded as parts of one global whole. In West Germany, these tendencies have been interpreted as a challenge, and 1985, especially, was marked by measures aimed at creating a more international stature for the domestic financial market—a task for which the country's competition-steered "universal"—or all-purpose—banks are well equipped.

Despite German interest rates having mostly moved downward and the country's economy performing favourably, both domestic industry and private households were rather slow to borrow. Instead, very brisk activity in the securities markets at home and abroad, together with a further expansion of foreign trade which required financial backing-up, provided strong fillips for the banking business.

### General performance of Commerzbank

Satisfactory earnings growth in all sectors of the Bank's activity not only encouraged us to adhere to the expansionary path embarked upon in 1984, but also amply justified our forward-looking investment in both human and technological resources of recent years together with our adoption of more flexible methods for steering the course of our business. A sharp increase in income from own-account dealings reflects our strong involvement in both the securities and foreign exchange markets.

Our partial operating result—which takes account of net interest and commissions earnings, personnel and general operating costs, and also of write-downs and depreciation as required in respect of our regular banking operations—that in the first half of 1985 was just on a par with the figure for the same period of 1984, subsequently expanded steadily to end the year 14.8% higher at DM728.7m.

### Commerzbank Group

The consolidated balance sheet total of the Commerzbank Group as at December 31, 1985 was DM137.2bn; total lending rose 4.5% over the year to DM94.4bn.

At end-1985, the banks affiliated within the Commerzbank Group were handling

approximately 4.8 million accounts  
for nearly 2.7 million customers  
at 882 branches  
with a staff of 24,154.

In addition to the Parent Bank, the Group comprises the following major associated banks whose annual reports and accounts are summarized on pages 70 to 79.

- Berliner Commerzbank AG, Berlin,  
balance sheet total DM5,458m;
- Commerzbank International S.A.,  
Luxembourg,  
balance sheet total DM16,741m;
- Commerzbank (Nederland) N.V.,  
Amsterdam,  
balance sheet total equal to DM1,096m;

- Commerzbank (South East Asia) Ltd.,  
Singapore,  
balance sheet total equal to DM2,355m;
- Rheinische Hypothekbank AG,  
Frankfurt,  
balance sheet total DM31,066m.

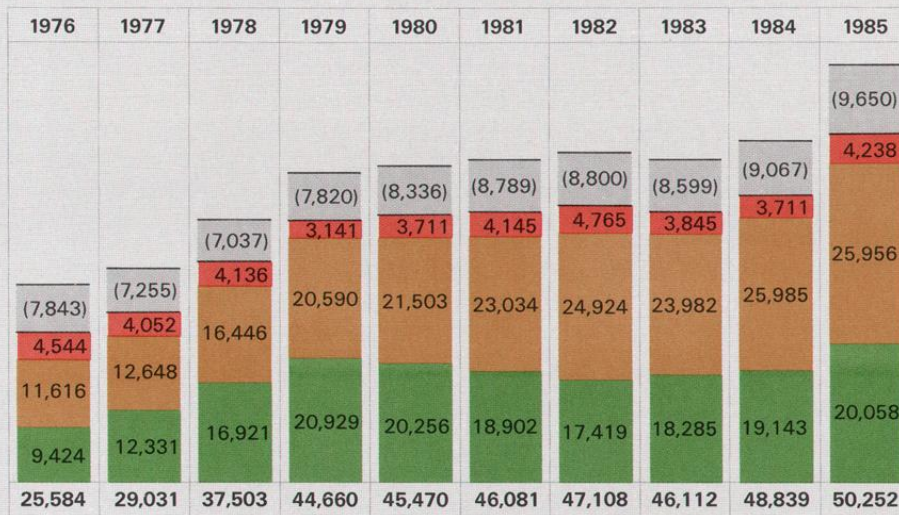
Commerzbank (Switzerland) Ltd started its operations in 1985.

Capital and reserves of the Commerzbank Group were increased substantially during the year under review, mainly thanks to allocations to reserves from net income for the year and to the proceeds of a DM425m issue of profit-sharing certificates effected in July 1985. They reached DM3,808m at end-1985 and, following both a share issue this February by the Parent Bank producing DM900m and the implementation of the resolutions of subsidiary banks' 1986 annual general meetings, the Group's equity capital will total DM4,760m.

Consolidated net income for the year was DM346m, as against DM263m in 1984.

For the Group Report and the Consolidated Annual Accounts see pages 55 to 69.

## Commerzbank: solid growth

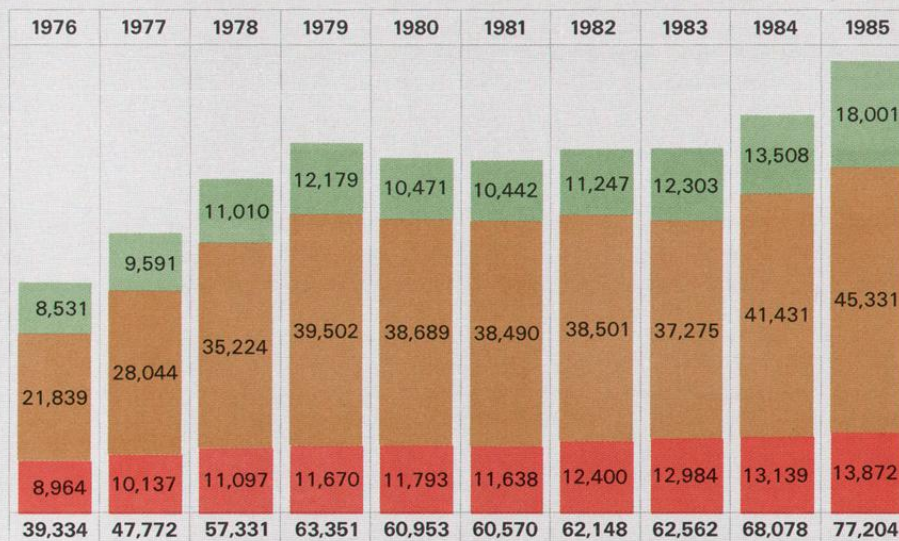


### Volume of lending

The strongest impulses in our lending were generated by the sustained expansion in retail business in terms of both instalment credits and home loans. But short-term book credits also met with brisk interest, as did longer-term loans to smaller business. There was an above-average advance in bills discounted, too. Overall, exchange-rate movements led to the volume of lending showing only a modest 2.9% growth.

in DM m:

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

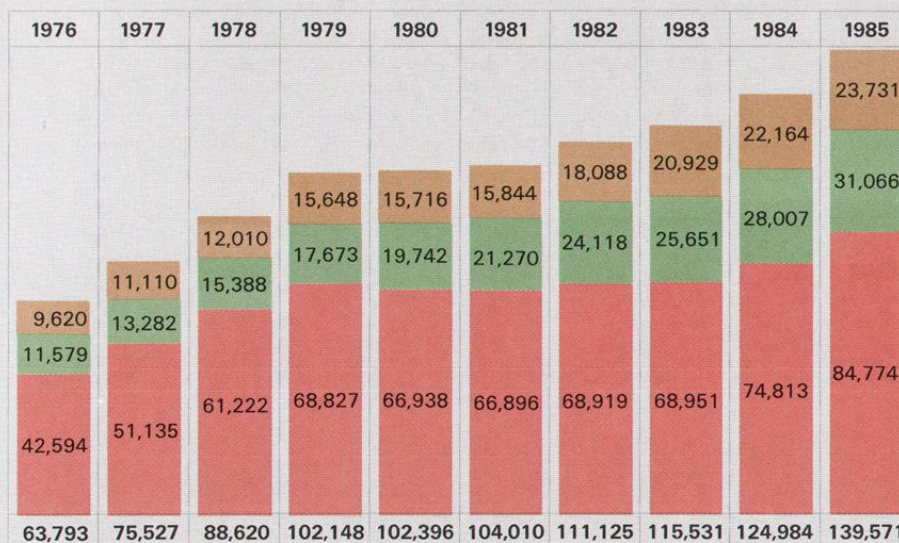


### Total deposits and borrowed funds

With a gain of almost 5%, customer deposits, especially sight and savings deposits, rose quite strongly. Long-term deposits were allowed to rise parallel to longer-term lending. The level of our own bonds outstanding climbed by 11% to DM5.5 bn. The emphasis on the borrowing side, however, lay with interbank funds in 1985.

in DM m:

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



### Business volume of the Group

The Parent Bank's satisfying earnings performance in all sectors of activity encouraged us to step up the pace of expansion which we had embarked upon in 1984. The increase of almost DM10bn in the Parent Bank's business volume was the highest since 1978. The mortgage lending arm, Rheinische Hypothekbank – the Bank's leading subsidiary – remained on a growth course, too.

in DM m:

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



The overall operating result for 1985—with income from own-account dealings included, but realized profits excluded—not only exceeded that of the preceding year but also surpassed the previous high of 1983.

All members of the Commerzbank Group at home and abroad recorded a gratifying performance, too, and the higher operating results achieved have enabled us both to provide adequately for risks in our lending and to have our shareholders participate in the increased earnings by raising the dividend paid to them.

#### Business volume strongly expanded

The marked improvement in our equity position permitted a further loosening of the reins as regards balance sheet growth. The Bank's business volume, which in addition to total assets includes endorsement liabilities, was raised by 13.3%, reaching DM84.8bn at the end of 1985.

Salient figures for the 1985 accounts of the Parent Bank (1984 figures in parentheses) are as follows:

	DM bn	
Balance sheet total	82.6	(72.8)
Total deposits and borrowed funds	77.2	(68.1)
Total lending	50.3	(48.8)
Capital and reserves	3.336	(2.711)

#### Dividend payment and allocation to reserves

In view of our good operating result, we shall ask the Annual General Meeting to approve an increase in the dividend from DM6 to DM8 per DM50 nominal share; this will raise the total dividend payment from DM101m to DM142m, while the tax credit per share will go up to DM4.50 from DM3.38 the year before. Holders of our profit-sharing certificates will also participate in the dividend rise in that the certificates, qualifying for a one half-year payout in respect of 1985, will bear a 1 percentage point extra yield in addition to their 8.25% annual coupon. For the period from July 1 to December 31, 1985, an amount of close on DM20m will have to be paid out of the distributable profit for this purpose. An unchanged DM60m was allocated to reserves, and we provided for risks in our lending business—especially for country risks—to an even greater extent than in 1983 and 1984.

#### Balance sheet structure

Interbank operations reflect about two-thirds of the Bank's strong growth, while customer business and securities holdings together account for roughly one-third.

A good DM1bn of the almost DM10bn year-on-year expansion in the balance sheet total represents an increase in our customer loan portfolio, although the latter tended to be reduced by the effects of exchange rate movements. With Treasury bills included, our securities holdings rose nearly DM2.3bn, the emphasis being on bonds and notes. The major part of the growth in total assets was due to interbank lending which went up by approximately DM6.7bn; yet it continues substantially to exceed—by a comfortable DM3bn—our borrowing from other banks. It is, however, our aim increasingly to replace low-margin bank-to-bank transactions with more profitable customer business.

Loans to the latter group rose by 2.8% to DM41bn as the result of steady—and, as the year progressed, still accelerating—growth in our domestic lending. This was, however, partly offset by the reduction in the book value of dollar-denominated credits to clients in our foreign business caused by the plummeting dollar. On the balance sheet date, its decline against the D-mark amounted to 22% in a year-on-year comparison. Since our dollar assets and liabilities are kept in balance with each other, the impact on our accounts—which are drawn up in D-marks—is that of a parallel reduction on both sides of the balance sheet.

Customers' deposits went up by 4.8% to DM50.6bn, the accent being on demand and savings deposits. Within our time deposits, those at long term were allowed to expand almost in parallel with our longer-term lending.

#### Group's overall business volume up 11.1%

The consolidated balance sheet shows a 2.4% rise in claims on customers to DM76.4bn and one of 5.7% in clients' deposits to DM54.8bn. The total of bonds outstanding went up 11.4% to DM37.8bn. The faster growth in customer deposits permitted the Group to transform its DM1.9bn net interbank borrowing position into that of a net lender of slightly over DM0.8bn.

The overall business volume of the Commerzbank Group—defined as total assets plus endorsement liabilities and guarantees, so as to

reflect the full scope of operations—reached almost DM150bn at end 1985, representing a DM15bn gain over the year.

#### New instruments used for funding

The volume of Commerzbank bearer bonds outstanding at year-end was 11% higher at DM5.5bn, with the emphasis on paper with a life of more than four years.

We continued to broaden our funding base by tapping the international capital markets and by using differing kinds of borrowing instruments. Here we also took advantage of the possibilities offered from May 1985 onwards in the wake of the further liberalization of the German bond market, which had initially affected the management of foreign DM issues. Our Curaçao financing arm, Commerzbank Overseas Finance N.V., thus offered DM600m nominal of zero bonds in two tranches, of 10 and 15 years' maturity. In October this same subsidiary placed a further DM500m worth of—capped—floating rate notes. In both cases it was the first time that a German bank launched such paper.

The volume of US dollar funds raised through bonds and notes issued by the Curaçao subsidiary totalled US\$100m. Through an offering de-

nominated in Australian dollars, of A\$75m, we also had recourse to that part of the international financial market.

Having submitted ourselves to the assessment procedures of America's two leading credit rating agencies, and having obtained all official licences required, we are now able to broaden, at comparatively low cost, our funding operations in the U.S. through the issue of—mainly short-dated—commercial paper. Our first sorties have demonstrated that these new borrowing grounds can be opened up at attractive rates.

In the future as well, we intend to make use of such suitable funding sources as are open to a bank with worldwide operations in both the domestic and the international markets. In doing so, we will generally tend to apply all the new financial instruments which we consider appropriate.

#### Expansion of lending modest

The year under review saw our loan portfolio grow by 2.9% to DM50.3bn. Bearing in mind, however, both the exchange-rate-induced reduction in our foreign-currency credit claims and the increase in our loan loss reserves, our lending activity was in fact brisker than is re-

#### Utilization of new funds in 1985

	in DM m		in DM m
Source of funds		Application of funds	
Increase in liabilities	9,954	Increase in assets	11,322
a) bank deposits	(6,299)	a) bills of exchange	(414)
b) customers' deposits	(2,335)	b) nostro balances	(6,899)
c) own bonds	(538)	c) Treasury bills	(459)
d) provisions for pensions	(58)	d) bonds	(1,827)
e) liable equity	(625)	e) shares	(53)
f) distributable profit	(61)	f) long-term loans to customers	(1,150)
g) other liabilities	(38)	g) increase in fixed assets	
Reduction of assets	1,326	ga) investments	(311)
a) cash reserves, cheques, and collection items	(1,036)	gb) land and buildings	(23)
b) loans to banks	(232)	gc) office furniture and equipment	(142)
c) short and medium-term loans to customers	(32)	h) other assets	(44)
d) other assets	(26)	Reduction of liabilities	118
Depreciation on fixed assets	160	a) own acceptances	(46)
		b) provisions other than for pensions	(71)
		c) other liabilities	(1)
	11,440		11,440

## Central Departments, Branches, Subsidiaries, and Holdings

### Board of Managing Directors

#### Banking Departments

International Commercial Banking and Export Finance

Corporate Customers

Treasury and Foreign Exchange

Investment Banking

Loan Management

Private Customers, Home Loans

Securities Business

#### Management Services

Controlling and Planning

General Services and EDP

Personnel

Accounting

Legal Matters and Taxes

Internal Auditing

Economic Research and Public Relations

#### Domestic Branches, Subsidiaries, and Holdings

##### 40 Main Branches

controlling 402 Regional Branches with 338 Sub-Branches

##### More than 50 Subsidiaries and Holdings

including:

Rheinische Hypothekenbank AG, Frankfurt

Berliner Commerzbank AG, Berlin

Commerz-Credit-Bank Aktiengesellschaft Europartner, Saarbrücken

Commerzbank Fonds-Verwaltungsgesellschaft mbH (Cofo), Düsseldorf

Commerz- und Industrie-Leasing GmbH, Frankfurt

Deutsche Gesellschaft für Immobilien- und Anlagen-Leasing mbH (DIL), Düsseldorf

#### Foreign Branches, Subsidiaries, and Holdings

##### 4 Subsidiaries

Commerzbank International S.A., Luxembourg

Commerzbank (Nederland) N.V., Amsterdam

Commerzbank (South East Asia) Ltd., Singapore

Commerzbank (Switzerland) Ltd, Zurich

##### 13 Branch Offices (see page 94)

##### 16 Representative Offices (see page 96)

##### Some 30 Holdings

including:

EuroPartners Securities Corporation, New York

International Commercial Bank PLC, London

Korea International Merchant Bank, Seoul

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

vealed by the balance sheet. In particular, we sharply expanded the volume of discounted bills. Book credits to non-banks are shown 2.8%—or DM1.1bn—higher, with all of the rise accounted for by longer-term advances. Credits to banks fell 4.5% to just on DM5bn.

#### International lending and investments up

The situation of the highly-indebted developing and newly industrialized countries is one we follow closely with concern. For while it is true that the decline in dollar interest rates has improved their debt-servicing capabilities, such unheralded events as the Mexican earthquake or the crisis in South Africa have resulted in setbacks for some of them. How the debtor nations will be affected by the oil price slump will also vary greatly: Brazil and Turkey, for example, will benefit considerably, whereas Mexico, Venezuela and Nigeria stand to suffer serious disadvantages.

For the Commerzbank Group, the volume of foreign loans outstanding—defined as credits, shorter-term nostro balances, and foreign securities holdings, less both domestic export credit and other guarantees and loan loss reserves covering foreign risks—stood at DM38.1bn at the balance sheet date, compared with DM30.2bn the previous year. Since the increase is almost exclusively due to money market transactions in Europe and North America, the geographical breakdown shows a strong rise from 62% to 71% in the proportion of the total accounted for by the industrialized countries, while the shares of the developing and the OPEC states are down—both percentage-wise and in absolute terms, from 24% to 18% and from 8% to slightly over 5%, respectively—and that of the state-trading countries is also somewhat lower at close on 6%, after a good 6% the previous year.

Although the ranks of the problem debtor nations again expanded in 1985, and Commerzbank continued to assist with fresh money facilities in connection with rescheduling agreements, exchange rate movements have meant that our exposure towards this group of borrowers did not grow any further. The ratio of such loans covered by risk provisions improved substantially.

#### Securities holdings markedly higher

The year under review saw the Bank's fixed-interest securities holdings rise sharply, with the volume of discountable Treasury notes—mainly federal and regional government issues—up by nearly DM460m. Even greater was the DM1.8bn

increase in our bonds and notes portfolio, raising its total to DM7bn—a larger proportion of which was made up of floating rate notes.

The figure for "securities not to be shown elsewhere", which in addition to equity trading positions includes closely held blocks of shares of more than 25%, was only slightly up at DM989m. The single most important item here remained our stake in Karstadt AG. At year-end, we disposed of our holding in Kempinski AG in order to facilitate the implementation of a new management concept for this hotel chain—involving, in particular, Lufthansa as a new shareholder. We have, however, retained an indirect interest in Kempinski AG through our 15% holding in FGH Frankfurter Gesellschaft für Hotelwerte mbH.

By contrast, "investments" registered relatively strong growth of DM248m. The main addition here was a 5% stake in Thyssen AG acquired in early 1985 and since incorporated in Thyssen-Beteiligungsverwaltung GmbH, followed by the increase representing the share capital with which our new Zurich-based subsidiary, Commerzbank Switzerland Ltd, was endowed.

Our engagement in the sphere of venture capital, while continuing to include an involvement in—restructured—WFG Deutsche Gesellschaft für Wagniskapital mbH & Co. KG, Frankfurt, was expanded by our acquiring an interest in "Neu-Europa" Hitec & Biotec, Berlin. We are also an indirect shareholder in Wirtschaftspartner Beteiligungsgesellschaft mbH, Berlin (WBB).

#### Forceful equity strategy pursued

The Parent Bank's equity capital was boosted by almost 25% in the year under review. The first such move, upon approval by the Annual General Meeting in May, was the issue of DM425m of profit-sharing certificates at the start of the second half of the year. The next step was an issue of shares to our staff, through which our share capital was raised by DM2.1bn and our reserves by DM4.8bn. This was followed by a DM42m increase in our share capital and a DM90.7m addition to reserves, both resulting from the early exercise of the subscription rights from the warrants that had been attached to Commerzbank bonds we reacquired from Banco Hispano Americano (BHA).

More restrictive equity rules for Spanish banks—stipulating that any foreign holding by the latter be fully backed by liable capital—led the partner institution in Spain to suggest that the planned mutual capital involvement be foregone; we

met this request by reacquiring our bonds with warrants placed earlier with BHA. This did not have any bearing on our 10.1% stake in it, though, so that we remain the only foreign bank with a substantial interest in a major financial institution in this new EEC member state.

Including the DM60m allocated to reserves from its 1985 net income, the Parent Bank's equity capital reached DM3.336m at the end of the year.

Within the Commerzbank Group, a total of DM175m has already been or, subject to shareholders' approval, will still be added to reserves from the year's earnings—well in excess of the 1984 figure which was itself a record at DM152.3m. This allocation, together with the DM900m cash proceeds from the issue of new shares by the Parent Bank in February of this year, will raise the Group's capital and reserves to DM4,760m, as against DM3,143m twelve months earlier.

This 50%-plus increase in the Group's equity capital in only one year means that already as of today Commerzbank is in a position, on a consolidated basis as well, to comply with principle No. 1 as set by the German Banking Supervisory Authority (stipulating that a bank's total lending must not exceed 18 times its equity capital) without having to decline worthwhile new lending business.

The revised German Banking Act provides for banks who, on a consolidated basis, still violated principle No. 1 on June 30, 1985 gradually to clear their position over a 5½-year transitional period, in order fully to meet the new rule by January 1, 1991 at the latest.

#### DM2.8bn net interest and commission income

Throughout the year under review, our interest margin remained under slight pressure—which was, however, more than offset by the strong expansion in the volume of our business. With interest earnings down, but interest expenditure even further reduced, the net income figure in this area rose 8.3% to DM1.99bn.

An even greater gain of 25% was achieved for net commission earnings which, at a good DM800m, now correspond to a notable 40% of net interest income. Excellent stock exchange business was the decisive factor behind this gratifying performance, but further earnings growth was also recorded in both the syndication and the foreign commercial operations sectors. The only field in which commissions

slipped back slightly were domestic payments transactions.

#### Operating expenditure —investing for the future in staff and equipment

Overall operating expenditure again went up sharply—by 11.5%—in the year under review. Since both the volume and the nature of our business did not only call for an increase in the number of our staff, but also for higher qualifications, personnel costs alone were up 9.3% at DM1,365m. At the same time, a considerable amount of refurbishing at our branch buildings and the steady progress in equipping our offices with computer terminals pushed other operating expenses up by as much as 16.9%.

Following the closure of two urban sub-branches, the total number of our domestic branches and sub-branches at the start of 1986 was 780. In addition, Berliner Commerzbank continues to operate 60 branches in West Berlin and Commerz-Credit-Bank Europartner, Saarbrücken, maintains eight in Saarland. Our presence abroad was assured by four subsidiaries, 13 branches or other operative bases and 16 representative offices.

#### Data processing: worldwide operations

Both the systems and strategy applied in our data processing and communications are dictated by the needs of our dense branch network within West Germany and of our worldwide activities. A computerized network handles all our centralized operations—such as are effected in the securities and other dealing sectors, in foreign commercial, syndicate and interbank business, in the Bank's accounting and internal auditing, in its staff administration and also in inter-branch transactions. In addition, domestic payments and account-keeping for both local retail and wholesale customers are taken care of by 14 regional computer centres of our own and by two owned by subsidiaries.

While all the transactions at our foreign branches are handled by the latter's own, on-the-spot computer facilities, they are centrally backed up by the home office for worldwide limit and position monitoring and for the Bank's overall accounting.

Our DP planning ensures that the technological innovations to be expected over the next few years can be incorporated into our computer systems without difficulty, particularly as regards both internal and external networks and including the pending integration of those for

PTT telecommunications: a smooth, gradual link-up with the new services offered by the German Postal Authority and, on an international level, by other carriers, will present no undue technical problems.

#### Soon more than 6,700 terminals

Over 4,200 displays and 2,300 printers are already being operated by our central departments and branches. By mid-1986, we will have switched over, on a step-by-step basis, to the use of general-purpose systems for internal and cashier/counter transactions, counselling and regular banking business. The year-end will see a further 2,500 terminal workstations and 1,500 printers installed.

#### **Serving our business customers**

Our market-oriented product range coupled with our efforts to serve wholesale customers ever more efficiently are reflected in a notable pick-up in this field of our activity, both on the lending and deposit sides. The fact that our organization in this area has been restructured to cope with companies' individual needs—rather than merely representing the various divisions within the Bank—has demonstrated its advan-

tages, enabling us despite keen competition slightly to expand our share of the market. We have been particularly successful thanks to the increased attention we have devoted to smaller and medium-sized firms.

#### Growing demand for credit

Although according to the Bundesbank's national statistics the volume of short-term book credits extended to the German corporate sector remained practically unchanged in the course of the year, we recorded an 8% rise in such overdraft facilities. We allowed our business customers fully to benefit from the fall in short-term interest rates, even where the latter went beyond the lowering of the key interest rates that was effected in August. Following two years of decline, Euromarket lending to domestic companies—through our foreign outlets—was stepped up again.

Given trade and industry's interest in borrowing at favourable terms, we appreciably expanded our bill discounting by making the greatest possible use of our rediscount quota with the Bundesbank; as a result, our bill portfolio was up from DM3.7bn to DM4.2bn. Market conditions ensured that lending rates in this area dropped even more than those on overdrafts.

Lending to domestic private and business customers		
	31-12-1985	31-12-1984
Energy and mining	2.2%	3.3%
Chemical and oil refining industries	2.1%	2.9%
Plastics and rubber production, non-metallic minerals, fine ceramics and glass	2.4%	2.2%
Metal production and processing, steel construction, mechanical engineering, automotive industry, office equipment and EDP	10.3%	10.1%
Electrical and precision engineering, optical products, metal manufacturing, musical instruments, sports equipment, jewelry	6.7%	6.5%
Wood, paper, and printing	2.6%	2.6%
Textiles, clothing, shoe and leather industries	2.8%	2.4%
Food, drink, and tobacco	2.9%	3.0%
Building and civil engineering	3.1%	3.0%
Industry, overall	35.1%	36.0%
Commerce	11.4%	11.3%
Transport and communications	2.8%	2.3%
Other services, including the professions	19.9%	19.3%
Persons other than self-employed	30.8%	31.1%
	100.0%	100.0%

Despite buoyant investment activity, demand for long-term finance by the corporate majors—who, in any case, mostly preferred to tap the capital markets directly—continued to be very subdued. By contrast, we were able to boost our aggregate lending to small and medium-sized businesses by DM1.3bn, with DM1bn being accounted for by loans under our longer-term special credit scheme for this sector of the economy. Offering fixed interest rates of up to five years, the programme allows for both maturities and repayment terms to be tailored to the customer's requirements. Also well sought after were advances under our second special scheme for this client group which—while similarly providing for fixed interest rates, albeit over somewhat shorter terms of four years at the most—serves to finance current assets. Within our lending in this field, particular importance is being accorded to subsidized funds from government sources—especially those available through Kreditanstalt für Wiederaufbau (Reconstruction Loan Corporation)—the overall volume of which was up on 1984.

Leasing continues to prove a popular alternative to bank borrowing, and Commerz- und Industrie-Leasing GmbH (CIL)—our subsidiary for the leasing of moveable goods—reports good progress in its activities. With both the number and value of new contracts higher, it managed to raise profits in 1985 again. Handling an increased volume of business, Deutsche Gesellschaft für Immobilien- und Anlagen-Leasing mbH—the real estate and industrial plant leasing subsidiary which we operate jointly with Deutsche Bank—reported similar success.

#### Foreign commercial business brisk

Our branches once more benefitted from the strong growth of West Germany's external trade in the year under review. Despite ever keener competition in this area, the efforts we made to provide clients with comprehensive service enabled us to retain our substantial market share.

It is, in particular, the tailored advice which, thanks to our worldwide network, we are able to give on all aspects of foreign business that is proving most helpful for our corporate customers. A number of symposia we organized, to inform them of opportunities in the international markets, met with great interest.

We were again in a position substantially to assist exporters with confirmed letters of credit and short-term trade finance, also where countries in the throes of debt rescheduling were involved. The total of guarantees extended, al-

though initially declining because a sizeable volume of foreign trade guarantees had expired, grew in the further course of the year, at end-1985 surpassing its previous level.

#### Medium and long-term export financing

Because of the time it takes for large projects to be conceived and to mature, the accelerating trend of capital investment noticeable worldwide has as yet had no impact on the overall figure for our export financing. Not until the second half of 1985 did any substantial demand for such funds make itself felt—and then mainly in connection with planned power stations and chemical plants which, as experience has shown, require long periods to materialize.

New block credit agreements with a number of state-trading countries triggered a certain degree of demand for export finance. To the extent feasible, we also provided supplementary credits for down and interim payments and to meet local costs, all of which are not eligible for Hermes cover. Through our foreign outlets, we exploited the export financing facilities of other countries.

Although we succeeded in boosting the volume of newly contracted business, the total figures for both commitments and—for the first time—outpayments of our medium and long-term export finance decreased. Part of this was accounted for by early repayments and by exchange rate movements which reduced the volume of existing lending.

As plans for a reform of the German export credit insurance scheme, Hermes, begin to take shape, we expect growing competition in the field of longer-term export financing, particularly as regards internationally operating banks. This should ensure for German exports the future availability of foreign-currency loans backed by government guarantee.

#### Special service facility: computerized payments

In the sector of electronic banking, the fact that companies increasingly employ both personal computers and data processing systems has been reflected in the ever greater use they have been making of the special computerized service we offer them to effect their own payments. The possibilities afforded under this scheme for instant, two-way dialog between bank and customer are of mounting significance. Besides steadily developing our international cash management system, COBRA, and its domestic counterpart, ACMS, we have also

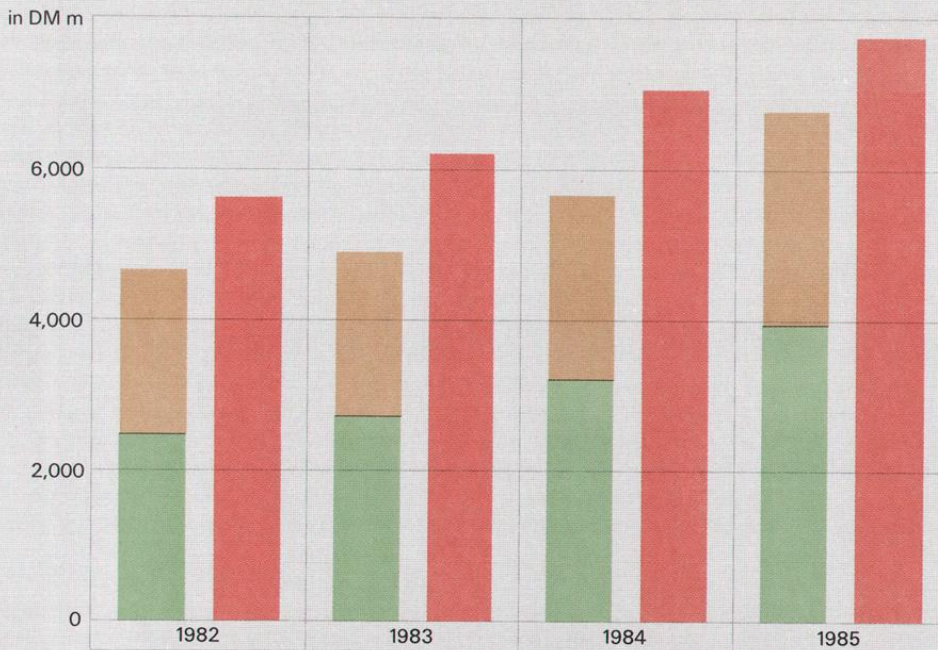
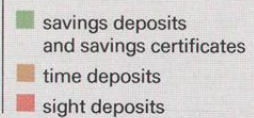
## Private customers: rising trend for deposits and loans



### Private deposits

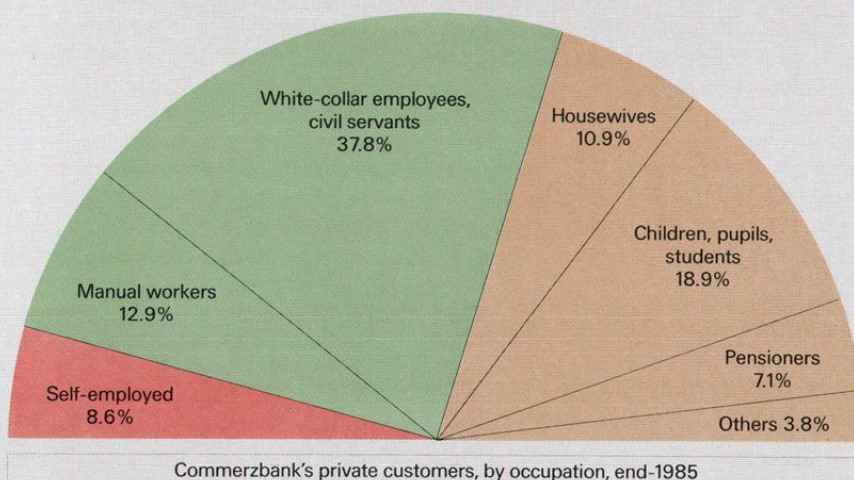
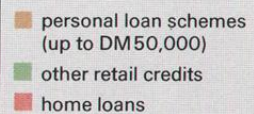
Despite mounting investments in securities, our domestic retail customers added to their deposits in 1985 as well.

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



### Retail lending

The demand for personal credits remained brisk in 1985, too. Overall, their volume again rose by a seventh, to DM14.5 bn.



### Commerzbank's private customers, by occupation

At present, we serve almost 2.25m private customers, representing a broad cross-section of society. They account for 95.6% of our total domestic clients.

Percentage shares in total number of private customers



put the videotex programme we operate to broader application. The scope for utilizing our DP facilities for commercial payments transactions has been further extended by direct telecommunication between ourselves and our corporate clients.

The services we offer customers without in-house computer systems enjoyed growing popularity. They range from our videotex scheme—redesigned to suit this market segment—to the data processing capacities we provide for payments and payroll purposes.

### **Serving our private customers**

The Bank's retail business continued to expand in 1985 within an environment characterized by keenly contested markets, with all the main areas—deposits, other investments (see also section on stock exchange business on pages 23 to 25), lending, and payments transactions—recording healthy growth. For the first time in many years, the number of our private customers went up notably—by 91,000, or 4%. This we judge to be the gratifying result of our intensive efforts to reinforce our market position by means of both a varied and attractive range of products and highly competitive counselling services. By the end of 1985, Commerzbank was able to boast some 2.25 million private clients.

In our long-term marketing strategy, particular emphasis is being placed on creating a positive image for ourselves with both children and teenagers: while approaching the former through our "Goldi" hamster mascot, we focussed a special campaign on the latter using the striking design elements of the "Memphis" art style. This foray, whose basic idea was to talk to young people in their own language in upbeat surroundings, has proved most popular with this target group and resulted in rewarding contacts with them.

#### Deposits further up

Despite another year of substantial securities purchases, saving deposits increased faster than in 1984, namely by DM592m, or 5.6%, to DM11.2bn.

This success was to a great extent accomplished through our regular savings schemes, whose range was added to last autumn by the introduction of a cumulative bonus savings plan. In the five months which have since elapsed, more than 35,000 such contracts—of-

fering a maturity choice from between 2 and 6 years and yielding an annually mounting bonus—have been concluded. Our standardized savings programmes now cover periods from 2 to 20 years.

The aggregate number of savings plans in operation at year-end, including those running over longer terms, was 410,000, involving agreed savings of altogether DM2.5bn and actual deposits of some DM850m. Of the total number, 40,000 contracts for an agreed overall sum of roughly DM600m were of the long-term type introduced in late 1984 which can, if desired, be combined with term life insurance, although this option has not too frequently been made use of.

Our marketing aimed at children and young people bore fruit particularly in the form of new savings accounts. So far we have issued almost 80,000 "Goldi" and "Memphis" passbooks to youngsters.

Interest in Commerzbank's savings bonds and certificates was again lively. Even if gross sales did not quite match the good 1984 result, the net figure for such paper outstanding, after deduction of redemptions, was nonetheless up DM133m, or 5.3%, to DM2.6bn.

Total deposits of domestic private customers (demand, time and savings deposits plus savings bonds) rose 3.8% to DM17.9bn, accounting for roughly 53% of our aggregate liabilities to domestic clients.

#### Flourishing retail lending

The volume of consumer and other loans to private customers expanded strongly again in the year under review. In itself, the overall amount of standardized personal credits of up to DM50,000 outstanding at year-end was up DM388m, or 15.8%, to DM2.8bn, despite high redemptions. The total for other retail loans—which includes advances against securities, special credits to individual clients and, for the financing of equipment, to doctors, dentists and the like, but excludes building finance—went up by as much as DM729m, or 22.7%, to DM3.9bn.


#### Home loans well up

Despite the sharp decline in house-building in West Germany, 1985 was one of our best years ever for home loans. As in the past, the latter were given decisive support by the close cooperation with our mortgage bank subsidiary, Rheinische Hypothekenbank, through which

# International bond issues

Tombstones illustrating our international syndicate business: in 1985, Commerzbank was the lead manager for 33 foreign DM bond offerings and six denominated in other currencies, equivalent to an overall amount of DM7.1bn.

New Issue This announcement appears as a matter of record only. November 6, 1985



## Thyssen Caribbean Finance N.V.


Curaçao, Netherlands Antilles

**DM 250,000,000**  
**6 3/4% Deutsche Mark Bearer Bonds of 1985/1995**  
 guaranteed by  
**THYSSEN AKTIENGESellschaft**  
 vorm. August Thyssen-Hütte  
 Duisburg, Federal Republic of Germany

Issue Price: 100 1/2% - Interest: 6 3/4% p.a., payable annually in arrears on November 1 - Redemption: on November 1, 1995 at par  
 Denomination: DM 1,000 and DM 10,000 - Security: unconditional and irrevocable guarantee of Thyssen Aktiengesellschaft vorm. August Thyssen-Hütte, Duisburg, Federal Republic of Germany, Negative Pledge Clause - Listing: Düsseldorf and Frankfurt/Main

<b>COMMERZBANK</b> AKTIENGESellschaft	<b>WESTDEUTSCHE LANDESBANK</b> GIROZENTRALE	<b>DEUTSCHE BANK</b> AKTIENGESellschaft
Algeme Bank Nederland N.V. Baden-Württembergische Bank Aktiengesellschaft Banco di Roma BankAmerica Capital Markets Group Bank Bressel Lambert N.V. Bank für Gemeinwirtschaft Aktiengesellschaft Bankers Trust GmbH Banque Nationale de Paris Barclays Merchant Bank Limited Baring Brothers & Co. Limited Bayerische Hypothek- und Wechsel-Bank Aktiengesellschaft Bayerische Landesbank Girozentrale Bayerische Vereinsbank Aktiengesellschaft Berliner Bank Aktiengesellschaft Berliner Handels- und Frankfurter Bank Chase Bank AG Chemical Bank International Limited Citibank Aktiengesellschaft County Bank Limited Creditanstalt-Bankverein Crédit Lyonnais CSFB-Effektenbank AG Dren Bank Aktiengesellschaft Deutsche Girozentrale - Deutsche Kommunalbank -	DG Bank Deutsche Genossenschaftsbank Dresdner Bank Aktiengesellschaft DSL Bank Deutsche Städtische- und Landesrentenbank First Chicago Limited Generale Bank Genossenschaftliche Zentralbank AG Girozentrale Girozentrale und Bank der Österreichischen Sparkassen Aktiengesellschaft Goldman Sachs International Corp. Händische Landesbank - Girozentrale - Hessische Landesbank - Girozentrale - Hill Samuel & Co. Limited Industriebank von Japan (Deutschland) Aktiengesellschaft Kreditbank International Group Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.) Kuwait International Investment Co. S.A.K. Kuwait Investment Company (S.A.K.) Landesbank Rheinland-Pfalz - Girozentrale - Lloyds Merchant Bank Limited LTCB International Limited Manufacturers Hanover Limited	Marcand & Co. Merck, Finck & Co. Morgan Guaranty GmbH Morgan Stanley International The Nikko Securities Co., (Deutschland) GmbH Nomura Europe GmbH Norddeutsche Landesbank Girozentrale Sal. Oppenheim jr. & Cie. Orion Royal Bank Limited N. M. Rothschild & Sons Limited Sanwa International Limited Société Générale J. Henry Schroder Wagg & Co. Limited Swiss Bank Corporation International Limited Swiss Volksbank Trinkaus & Burkhart KGaA Union Bank of Switzerland (Securities) Limited Veritas- und Westbank Aktiengesellschaft M.M. Warburg-Brückmann, Wirtz & Co. Westdeutsche Genossenschafts- Zentralbank eG Westfälische Aktiengesellschaft Wood Gundy Inc. Yamaichi International (Deutschland) GmbH

New Issue This announcement appears as a matter of record only. November 14, 1985



## TENNECO CORPORATION


Houston, Texas, U.S.A.

**DM 250,000,000**  
**6 7/8% Deutsche Mark Bearer Bonds of 1985/1995**  
 under the irrevocable and unconditional guaranty of  
**TENNECO INC.**  
 Houston, Texas, U.S.A.

Issue Price: 100% - Interest: 6 7/8% p.a., payable annually in arrears on November 15 - Redemption: on November 15, 1995 at par  
 Optional Redemption on November 15, 1990 at 102 1/2% thereafter with a premium declining by 1/4% annually - Denomination: DM 1,000  
 and DM 5,000 - Security: irrevocable and unconditional guarantee of Tenneco Inc., negative pledge of the issuer and the guarantor  
 Listing: Frankfurt Stock Exchange

<b>COMMERZBANK</b> AKTIENGESellschaft	<b>DEUTSCHE BANK</b> AKTIENGESellschaft
CSFB-EFFECTENBANK AG MERRILL LYNCH CAPITAL MARKETS MORGAN STANLEY INTERNATIONAL	MORGAN GUARANTY GMBH SWISS BANK CORPORATION INTERNATIONAL LIMITED
Arab Banking Corporation - Dorn & Co. GmbH Baden-Württembergische Bank Aktiengesellschaft Bankhaus H. Aulhäuser Banca Commerciale Italiana Banca del Gottardo Banco di Roma BankAmerica Capital Markets Group Bank für Gemeinwirtschaft Aktiengesellschaft Bank Leo International Ltd. Bank Mees & Hope NV Bank of Tokyo (Deutschland) Aktiengesellschaft Bankers Trust GmbH Banque Bruxelles Lambert S.A. Banque Générale du Luxembourg S.A. Banque Internationale à Luxembourg S.A. Banque Nationale de Paris Banque Privée S.A. Barclays Merchant Bank Limited Baring Brothers & Co., Limited Bayerische Hypothek- und Wechsel-Bank Aktiengesellschaft Bayerische Landesbank Girozentrale Bayerische Vereinsbank Aktiengesellschaft Job. Berenberg, Gossler & Co. Berliner Bank Aktiengesellschaft Berliner Handels- und Frankfurter Bank Bankhaus Gebrüder Hofmann Bremer Landesbank Kreditanstalt Oldenburg - Girozentrale -	Citibank Aktiengesellschaft Commerzbank International S.A. Commerzbank (South East Asia) Ltd. Coppenhagen Handelsbank A/S County Bank Limited Crédit Lyonnais Crédit du Nord Daiwa Europe (Deutschland) GmbH Delbrück & Co. Dren Danske Bank af 1871 Aktieselskab Deutsche Girozentrale - Deutsche Kommunalbank - DG Bank Deutsche Genossenschaftsbank Dominion Securities (Holland) Limited Dresdner Bank Aktiengesellschaft DSL Bank Deutsche Städtische- und Landesrentenbank EuroPartners Securities Corporation First Interstate Capital Markets Limited Girozentrale und Bank der Österreichischen Sparkassen Aktiengesellschaft Grindlay Branch Limited Hamburgische Landesbank - Girozentrale - Georg Haack & Sohn Bankiers Kommanditgesellschaft auf Aktien Hessische Landesbank - Girozentrale - Hill Samuel & Co. Limited Industriebank von Japan (Deutschland) Aktiengesellschaft
Istituto Bancario San Paolo di Torino Landesbank Rheinland-Pfalz - Girozentrale - Lloyds Merchant Bank Limited LTCB International Limited Merck, Finck & Co. E. Michaelis, Sobel & Co. Mitsubishi Finance International Limited Mizui Finance International Limited The National Bank of Kuwait Capital Markets Niederländische Händelbank N.V. The Nikko Securities Co. (Deutschland) GmbH Sal. Oppenheim jr. & Cie. Orion Royal Bank Limited P. Christiani Bank (UK) Limited N. M. Rothschild & Sons Limited J. Henry Schroder Wagg & Co. Limited Schweizerische Hypothek- und Handbank Smith Barney, Harris Upham & Co. Incorporated Société Générale Standard Chartered Merchant Bank Limited Sumitomo Finance International Trinkaus & Burkhart KGaA Veritas- und Westbank Aktiengesellschaft M.M. Warburg-Brückmann, Wirtz & Co. Westdeutsche Landesbank Girozentrale Westfälische Aktiengesellschaft Yamaichi International (Deutschland) GmbH	

New Issue This announcement appears as a matter of record only. October 18, 1985



## Elkem a/s


Oslo, Norway

**U.S. \$ 50,000,000**  
**10 1/2% Notes of 1985/1992**

Issue Price: 100% - Interest: 10 1/2% p.a., payable annually in arrears on October 18 - Redemption: on October 18, 1992 at par  
 Denomination: U.S. \$ 1,000 and U.S. \$ 10,000 - Security: Negative Pledge Clause - Listing: Luxembourg Stock Exchange

<b>COMMERZBANK</b> AKTIENGESellschaft	<b>PRUDENTIAL-BACHE</b> SECURITIES INTERNATIONAL
CHRISTIANIA BANK OG KREDITKASSE HAMBROS BANK LIMITED SHEARSON LEHMAN BROTHERS INTERNATIONAL	CREDIT LYONNAIS LTCB INTERNATIONAL LIMITED SVENSKA HANDELSBANKEN GROUP DEN NORSKE CREDITBANK ORION ROYAL BANK LIMITED UNION BANK OF SWITZERLAND (SECURITIES) LIMITED

New Issue This announcement appears as a matter of record only. July 12, 1985



## IRELAND

**DM 500,000,000**  
**Floating Rate Notes of 1985/1997**

Issue Price: 100% - Interest: LIBOR + 1/4% until July 1993 and LIBOR + 1/4% thereafter, payable semi-annually in arrears in January and July  
 Final Maturity: July 1997 - Early Redemption: Possible at par at the Borrowers option on any interest payment date falling in or after July 1990  
 Denomination: DM 10,000 and DM 250,000 - Security: Negative Pledge - Listing: Frankfurt/Main

<b>COMMERZBANK</b> AKTIENGESellschaft	<b>DEUTSCHE BANK</b> AKTIENGESellschaft	<b>S. G. WARBURG &amp; CO. LTD.</b>
BANKAMERICA CAPITAL MARKETS GROUP BANQUE PARIBAS CAPITAL MARKETS COUNTY BANK LIMITED DAIWA EUROPE (DEUTSCHLAND) GMBH MERRILL LYNCH CAPITAL MARKETS MORGAN STANLEY INTERNATIONAL SHEARSON LEHMAN BROTHERS INTERNATIONAL	CREDIT LYONNAIS DRESDNER BANK AKTIENGESellschaft WESTDEUTSCHE LANDESBANK GIROZENTRALE WESTfälische Aktiengesellschaft Wood Gundy Inc. Yamaichi International (Deutschland) GmbH	CITICORP INTERNATIONAL BANK LIMITED CSFB-EFFECTENBANK AG GOLDMAN SACHS INTERNATIONAL CORP. MORGAN GUARANTY GMBH SALOMON BROTHERS INTERNATIONAL LIMITED UNION BANK OF SWITZERLAND (SECURITIES) LIMITED WESTDEUTSCHE LANDESBANK GIROZENTRALE BANKERS TRUST INTERNATIONAL LIMITED BANQUE INTERNATIONALE A LUXEMBOURG S.A. DAH-CHI KANGYO INTERNATIONAL LIMITED GENERALE BANK KREDITBANK INTERNATIONAL GROUP LIMITED MANUFACTURERS HANOVER LIMITED
ALLIED IRISH BANKS PLC BANK OF TOKYO (DEUTSCHLAND) AG BERLINER HANDELS- UND FRANKFURTER BANK DG BANK DEUTSCHE GENOSSENSCHAFTSBANK GIROZENTRALE UND BANK DER ÖSTERREICHISCHEN SPARKASSEN AKTIENGESellschaft LLOYDS BANK INTERNATIONAL LIMITED	AMRO INTERNATIONAL LIMITED BANQUE BRUXELLES LAMBERT S.A. CREDIT COMMERCIAL DE FRANCE FUJI INTERNATIONAL FINANCE LIMITED INDUSTRIEBANK VON JAPAN (DEUTSCHLAND) AKTIENGESellschaft LTCB INTERNATIONAL LIMITED YAMAICHI INTERNATIONAL (EUROPE) LIMITED	BANK OF TOKYO (DEUTSCHLAND) AG BERLINER HANDELS- UND FRANKFURTER BANK DG BANK DEUTSCHE GENOSSENSCHAFTSBANK GIROZENTRALE UND BANK DER ÖSTERREICHISCHEN SPARKASSEN AKTIENGESellschaft LLOYDS BANK INTERNATIONAL LIMITED

New Issue This announcement appears as a matter of record only. December 15, 1985



## EUROPEAN INVESTMENT BANK

Luxembourg, Luxembourg

**DM 125,000,000**  
**Floating Rate Notes of 1985/1990**

Issue Price: 100% - Interest: LIBOR for six months + 3/4% p.a., payable semi-annually in arrears on June 15 and December 15, maximum  
 interest rate 7 3/4% p.a. - Final Maturity: December 1990 - Denomination: DM 10,000 and DM 100,000 - Listing: Frankfurt/Main

**COMMERZBANK**  
AKTIENGESellschaft

our ability to meet customers' growing desire to fix terms over particularly long periods within the life of a mortgage was ensured. Once again, an important accent in our marketing was on our collaboration for this kind of finance with home loan associations and life insurance companies—links by which we set great store for our future business in this sector, too.

New home loans approved by the Parent Bank in 1985 totalled DM3.8bn, an increase of 23%. Included in this figure were DM1.4bn (DM0.9bn in 1984) of contracts passed on for handling to Rheinische Hypothekenbank (cf. pages 78 and 79). For the Commerzbank Group as a whole, commitments to provide building finance reached DM5.3bn, up from DM4.7bn in the preceding year.

The quick pace of new business boosted home loans outstanding within the Group by DM2bn to DM21.3bn, of which DM7.7bn—as against DM7bn in 1984—was accounted for by credits of this type by the Parent Bank. Bad debts remained on a low level.

Our retail lending under all headings rose DM1.8bn, or 14%, in 1985. At DM14.5bn, it represented slightly over 42% of our aggregate claims on domestic customers.

#### Lively payments transactions

Our private clients once more made eager use of the services we offer for payments transactions. Cash dispensers operated with euro-cheque cards—of which we now have 35 installed, and more planned—are increasingly being used, also by other banks' customers. In addition, we are equipping suitable branches with automated teller machines and rapidly raising the number of general-purpose terminals available to our client counsellors.

#### **Syndicate and stock exchange business**

German stocks in 1985 proved very attractive to investors both at home and abroad, and the volume traded on domestic bourses topped DM210bn for the first time ever—more than the combined figure for the three preceding years. On some days more shares changed hands than not so long ago would only have been the case in a whole month. This led to enormous strain being imposed on the technical and staff resources of both stock exchanges and banks.

#### Public-sector bonds predominated

Given the continued growth in the volume of redemptions of domestic bonds, it is hardly surprising that their gross sales touched a new peak: although net sales of mortgage and communal bonds were more or less unchanged and the volume of bonds issued by other financial institutions declined, the public sector had increased recourse to the capital market, causing the total of bonds it launched to soar from DM23.4bn to DM31.9bn—the highest annual figure so far. Offerings of such paper by the corporate sector, mostly bonds with warrants, amounted to DM648m.

The further, though modest, lengthening of maturities is a feature to be welcomed. As a result of the decreased sales of bank bonds, the majority of which are at shorter terms, the volume of bonds outstanding with a remaining life of less than four years shrank, whereas that of longer-term paper expanded by well over 12%. The effect of this trend is to enhance the stability and predictability of the market.

A detailed report of developments in the domestic and the Euromarkets can be found on pages 19 to 23 and 26 of the supplement entitled "The Economic Scene in 1985/86", enclosed with this report.

#### Buoyant new issues business, including international offerings

During the year under review, we were involved in 18 capital increases generating total cash proceeds of approximately DM4.7bn, compared with DM1.9bn for 1984. We also assisted five German companies in going public, which produced an overall amount of slightly more than DM1bn. In two of these cases, Hugo Boss AG and Schumag AG, we acted as lead manager.

Partly thanks to the further liberalization of the German capital market, 1985 saw by far the greatest volume to date of new foreign DM bond issues at DM31.1bn, with our own share in these as syndication manager again expanding. For 33 such offerings—altogether worth DM6.1bn—we acted as lead manager, and were co-managers for an additional 67 to the total value of DM15.2bn.

The volume of foreign-currency issues in the Eurobond market rose from an equivalent of over US\$77bn to more than US\$125bn, 76% of which was denominated in US dollars. Five such offerings together worth US\$350m and one Australian dollar issue corresponding to

roughly US\$50m were lead-managed and 349 foreign-currency bond offerings equivalent to a total of US\$39.7bn were co-managed by us.

We arranged for the official listing on the Frankfurt stock exchange of the share capital of Elkem a/s, Oslo. This company, which controls a worldwide group mainly involved in the production of aluminium, silicon and ferro-alloys, is the third Norwegian corporation to have its shares officially quoted on a German bourse.

#### Project financing and the Channel tunnel

We stepped up our activity in the sphere of international project financing. Applying strict yardsticks in assessing the planned ventures, we became involved in the year under review in the financing of several energy undertakings, mainly in the North Sea and Australia. At the same time, we played a leading part in the consortium that bid successfully for what will be the most important European infrastructure project for many years to come—the Channel rail tunnel that will link England and France.

#### Strong demand for M & A intermediation

The interest of larger domestic and foreign companies, but also of a considerable number of medium-sized firms, in our intermediation service for industrial mergers and acquisitions continued to run high. As in the past few years, it was again especially keen on the part of British and American concerns and, as before, focussed on the chemical, pharmaceutical, food,

and electronic sectors, as well as on branches supplying the car industry.

#### 1985: another boom year for German shares

Three very bullish preceding years notwithstanding, German stocks as measured by the Commerzbank Index of 60 leading shares in 1985 registered record price rises averaging 76.1%. With investor interest worldwide focusing on equities, and national share indices frequently hitting new all-time highs, the German market ranked among the top runners internationally. To foreigners, the attractiveness of German securities was enhanced by the increasing likelihood of an appreciating D-mark.

The resurgence of the West German stock market thus continued unabated, with insurance companies again the best performers. Price gains for shares with a broader market ranged from anywhere between nil and 150%.

In the German bond market, the average yield on all officially quoted domestic bonds slipped from 6.64% at end-1984 to 6.03% at end-1985, while paper with a remaining life of over three years were still yielding 6.6%. The return on foreign DM bonds, whose outstanding volume is now in excess of DM117bn (DM96bn at end-1984), slid from 7.2% to 6.8% over the year.

#### Stock exchange trading soared

Thanks to the steady further strengthening of our investment counselling capacity, securities

Cooperation in underwriting syndicates			
Year	Capital increases through rights issues*)	Domestic bond issues	Foreign DM bond issues
1975	27 totalling DM2.5bn	20 totalling DM 8.8bn	60 totalling DM 5.6bn
1976	20 totalling DM1.4bn	23 totalling DM10.8bn	70 totalling DM 7.2bn
1977	20 totalling DM1.0bn	15 totalling DM 8.5bn	87 totalling DM10.9bn
1978	22 totalling DM2.5bn	23 totalling DM11.5bn	98 totalling DM12.0bn
1979	19 totalling DM2.0bn	15 totalling DM12.9bn	55 totalling DM 6.8bn
1980	16 totalling DM2.7bn	11 totalling DM 9.2bn	66 totalling DM10.0bn
1981	20 totalling DM1.4bn	12 totalling DM13.5bn	41 totalling DM 5.2bn
1982	20 totalling DM2.0bn	20 totalling DM21.9bn	102 totalling DM12.1bn
1983	18 totalling DM2.6bn	24 totalling DM23.4bn	103 totalling DM14.6bn
1984	16 totalling DM1.9bn	21 totalling DM23.9bn	109 totalling DM17.0bn
1985	18 totalling DM4.7bn	29 totalling DM32.5bn	126 totalling DM24.7bn

\*) cash proceeds.

In addition, we participated in placing 1,937 foreign currency bond issues between 1975 and 1985.

dealings on behalf of customers saw gratifying growth in the year under review. Buying and selling orders executed for German clients went up by about 10% for domestic bonds and by one-third for foreign fixed-interest paper. An especially sharp rise was registered in orders from abroad for bond purchases and sales.

The volume of share trading effected by us soared, going up—not least because of strong cross-border demand—threefold for German and by a further two-thirds for foreign equities.

#### Marked upturn in share option trading

As the stock market boomed, so did interest in traded share options, with new call and put contracts jumping to nearly four times their 1984 figure and thus to a level which now does have a bearing on the market. Given the greater opportunities and risks attaching, in particular, to share options—by which our clients, too, have been most attracted—an exceptional degree of specialist guidance on our part is required.

#### Securities business: successful across the board

We were able once more solidly to boost our overall income from the securities sector, including that from own-account dealings. The placing of DM0.9bn of the Bank's bearer bonds—DM1.3bn in 1984—again contributed usefully to funding our loan operations.

Our asset management saw the volume of administered funds expand thanks to both inflows and price gains. The three regional teams we operate in Frankfurt, Düsseldorf and Hamburg amply demonstrated their prowess.

Our Zurich subsidiary, Commerzbank (Switzerland) Ltd, successfully started its operations in 1985. Concentrating above all on securities activities, this new outlet is an important supplement both to our securities trading and to our asset management business.

#### Bond investment funds strongly favoured

1985 was another good year for German investment funds, but despite a bull market for stocks the number of certificates outstanding of both equity and mixed securities funds continued to decline. ADIG Allgemeine Deutsche Investment-Gesellschaft mbH, a Commerzbank affiliate, was able to sell new certificates worth DM3.3bn, with the emphasis solely on funds investing in German and foreign bonds, though. The aggregate volume of the assets managed by the various funds of ADIG went up from

DM8.3bn to DM11.2bn, DM7.8bn of this being in six funds for which Commerzbank acts as depository bank.

One of ADIG's funds, Adirenta, is the largest German investment fund with assets totalling DM5.7bn (up from DM5bn at end-1984). Two of the company's other funds, Adirewa and Fondirent, which invest in international bonds and were only set up in late 1984, ended the year under review with their combined assets already standing at DM2bn, as against DM0.7bn twelve months earlier.

#### DM4.5bn assets managed by Cofo

Our wholly-owned subsidiary active in this area, Commerzbank Fonds-Verwaltungsgesellschaft mbH (Cofo)—which manages funds specially set up for institutional investors, mainly insurance companies and pension funds—had a very gratifying year. Overall assets under its management rose by DM1.1bn to DM4.5bn and the number of its specialized funds by 15 to 77.

The growing need for skilled investment managers with a more pronounced international orientation led Cofo to expand its staff further. It also transferred the management heads of its funds to Frankfurt, as from March 1, 1986, thus enabling them to exploit the analysis and research facilities of the Parent Bank even better.

#### Open and closed-end property funds

Haus-Invest, the open-end property fund for which we also serve as a depository bank, again performed more than satisfactorily and continues to rank high in the yield league for such funds. Much like the equity funds, however, Haus-Invest recorded slight net redemptions, so that the assets under its management slipped back marginally from DM781m to DM771m over the year.

Again investors were also given the opportunity to move into a closed-end property fund by being offered limited-liability shares in a fund managed by our affiliate Deutsche Gesellschaft für Immobilien- und Anlagen-Leasing mbH.

#### New York investment bank

EuroPartners Securities Corporation, New York, in which we have a 40% interest, mainly assists European investors in placing funds in the US securities markets. Unlike in previous years, however, interest in American paper waned due to the steady weakening of the dollar that began in early 1985 and the bullish performance

of the bourses in Europe. The bank acted as underwriter for some 150 share and bond issues and successfully arranged for several European customers to raise other forms of long-term finance. In addition to securities transactions, EuroPartners Securities—which has a seat on the New York Stock Exchange—is involved in asset management, long-term corporate finance, new issues business, and mergers and acquisitions.

### International activities

Accounting as they do for approximately one-third of the total business volume within the Commerzbank Group, international operations are a mainstay of our activity. In providing finance abroad, we have flexibly reacted to the changed scenario in the world economy by concentrating on the Western industrialized countries, the economic centres of Asia, and state-trading countries.

The gratifying development of our foreign commercial business was supported by our continuing readiness to offer bank-to-bank facilities for supplementary trade finance. Unlike in recent years, there was no further increase in the volume of documentary payments, the one exception being the Middle East.

Commerzbank joined with other international banks in arranging a number of long-term jumbo loans. As in the past, we also assisted foreign banks with standby credit lines and acted as a DM clearer for a growing number of foreign correspondent banks.

The volume of working funds and investment finance made available to internationally active customers through our operative bases abroad remained high. Within Europe, our TransCredit facilities again proved their worth. Under this cross-border loan scheme, the members of the EuroPartners group of banks are able to provide operating funds for subsidiaries in their own countries of companies based in the home states of the other participating banks.

Our involvement in the Eurocredit markets in most cases was once again that of a lead or co-manager for syndicated loans to selected borrowers.

The international banking world continues to be faced with debt rescheduling measures for some 40 countries. We have to date lent support to all such rescheduling agreements, mostly concluded with the assistance of the IMF and the World Bank.

### Our international organization

Our international organization is backed by almost 70 outlets and affiliates in 30 countries. In 1985, we further extended our presence abroad by opening an office in Los Angeles and by establishing a subsidiary bank in Switzerland.

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

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

<sup>1)</sup> Commerzbank (Nederland) N.V.;

<sup>2)</sup> Commerzbank International S.A.;

<sup>3)</sup> Commerzbank (South East Asia) Ltd.;

<sup>4)</sup> Commerzbank (Switzerland) Ltd.

We also maintain a branch on Grand Cayman island.

Conducted through our branches and subsidiaries, our activities in Western and Southern Europe are those of a "universal" or all-purpose bank, as far as is permitted by national banking regulations. Of particular importance here, especially for our Euromarket business, are our Luxembourg subsidiary and our London branch. The representative offices in Copenhagen and Moscow provide valuable services in terms of information on and contacts in Northern Europe and the USSR, respectively.

Following the opening of our Los Angeles office, our presence in North America reflects the importance of this vast market even more strongly. Our operative bases in the U.S. are engaged in both purely domestic and third-country business. An additional US subsidiary, Commerzbank U.S. Finance, Inc., was set up to supplement, through the issue of commercial paper, the funding possibilities we have in the dollar market. Our representative office in Toronto is active in soliciting capital market dealings, but also functions as a link to correspondent banks in Canada and looks after local companies with interests in West Germany.

In Latin America, our services are available through representative offices in Buenos Aires, Rio de Janeiro, São Paulo, Mexico City, and Caracas, while a holding we have in Banco de

Investimento do Brasil enables us to arrange for loan funds in Brazil. We have increasingly been in a position to participate in the provision of short and medium-term export finance in a number of Latin American countries, an example being forfaiting under Brazil's export promotion programme. Quite generally, we support the export efforts of the various countries in the region by our involvement in their trade with third countries.

We maintain four representative offices in the Middle East and Africa—in Cairo, Bahrain, Tehran and Johannesburg—and hold interests in banks in Cairo, Casablanca, Rabat and Riyadh. All of these outlets have operated successfully. Despite the decline in German exports to the Arab world, the volume of transactions channelled through us remained at the high level of previous years.

In the major markets of the Far East, we are active through branches, subsidiaries and affiliated institutions. All-purpose banking is conducted at our Hong Kong branch, whereas our wholly-owned Singapore subsidiary—Commerzbank (South East Asia) Ltd.—has specialized in lending and syndicate business throughout the region, as also in money market and foreign exchange dealings. Our Tokyo branch, which can draw on the support of an office in Osaka, is able to offer the whole range of services expected of an international commercial bank, while our representative office in Tokyo is responsible for securities and syndication business in Japan. Affiliated banks and finance companies in Jakarta, Seoul, Singapore and Bangkok assist our customers with local financial business, and our representative offices in Jakarta and Beijing, who help us both to establish bank-to-bank relationships and to acquire new clients, employ their knowhow to provide a useful service to our German customers doing business in the region.

The Australian and New Zealand markets are looked after by our representative office in Sydney. For dealing operations and for providing finance in that region, however, we involve our Singapore subsidiary.

#### Foreign subsidiaries and affiliates

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

Commerzbank International S.A.—CISAL—, Luxembourg,  
Commerzbank (Nederland) N.V., Amsterdam,  
and

Commerzbank (South East Asia) Ltd.  
—COSEA —, Singapore

in our Consolidated Annual Report (cf. pages 72 to 77 of this report).

International Commercial Bank PLC, London, is a specialized Euromarket institution in which we have a 12% interest. While seeing its balance sheet total decline from £1,287m to £1,040m, it managed to boost its operating profit by £0.2m to £6.3m. With the dividend remaining unchanged, allocations to both general and loan loss reserves were raised.

UBAE Arab German Bank S.A., Luxembourg/Frankfurt, in which we have a 25.1% holding, is chiefly concerned with the financial side of German-Arab trade. Largely due to exchange rate movements, the bank's total assets decreased to DM1bn. Improved earnings, besides allowing a higher dividend payment—of 8% after 7% the previous year—, also permit a further strengthening of reserves.

Seoul-based Korea International Merchant Bank (KIMB), in which we as co-founders have a 20% stake, continued to make good progress in an increasingly difficult environment. In the first nine months of its 1985 financial year (which runs to March 31, 1986), its total assets rose nearly 17% to the equivalent of DM1.4bn, a performance matched by its after-tax profits. During the period, KIMB acted as lead manager or underwriter for a substantial number of bond issues in local currency on behalf of both Korean and international borrowers. While the bank managed markedly to step up its leasing business, it slightly reduced its lending.

The international presence of the four members of the Europartners group—Banco di Roma, Banco Hispano Americano, Commerzbank and Crédit Lyonnais—is shown on the maps on pages 99 to 101. The activities of the New York-based joint subsidiary, EuroPartners Securities Corporation, have already been outlined on page 25 and those of another joint operation, Commerz-Credit-Bank Aktiengesellschaft Euro-partner, Saarbrücken, are reported on page 57.

#### Worldwide foreign exchange trading

The severe fluctuations of the US currency—and especially its marked fall since late September—led to a growing need for forward cover on the part of those of our customers engaged in foreign trade. With a parity realignment within the European Monetary System becoming increasingly probable as the fourth quarter progressed,

demand for hedging operations involving EMS currencies also rose. Accordingly, considerable calls were made on our foreign exchange dealing units both at home and abroad. In this, close customer links made possible by the forex teams independently operating at Commerzbank's three regional head office divisions—in Frankfurt, Düsseldorf and Hamburg—again proved their worth, as did the internal separation between own-account transactions and those on behalf of clients.

At all three places, the specific currency needs of corporate customers are directly and efficiently taken care of by expert staff on these units who, together with the Bank's own-account dealers, form part of a network of 12 forex teams located in all major international financial centres. We are thus able to provide foreign exchange services covering every time zone in the world.

Both the turbulence of the currency markets and the extreme volatility of exchange rates were reflected in an expansion of our forex trading volume by roughly one-fifth, with an even greater rise being achieved in profits on own-account dealings.

Endeavouring to meet our customers' hedging requirements with as broad a range of facilities as possible, we have had growing success over the past two years in offering them currency options as well. Besides providing forward cover, the latter can hold the opportunity for extra gains, especially when exchange rates are fluctuating wildly. We continue to view as our particular strength the market position we have established in a number of currencies not officially quoted and in the handling of longer-term forward transactions.



### Staff and welfare report

Over the past year, the willingness, sense of responsibility and solid expertise of our staff were again instrumental in ensuring the Bank's success. For this, we wish to express our gratitude.

Our thanks are also extended to all our employees who retired during the year, most of them after long years of service.

We shall always honour the memory of those employees and pensioners who died in the course of 1985.

#### Data on staff

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

- Our permanent staff—employees excluding apprentices, junior executive staff, and temporary personnel—went up by 957 (437) to 18,690 (17,733); the rate of increase thus more than doubled to 5.4% (2.5%).
- The number of staff active in West Germany and abroad rose by 1,188 (648) to 21,204 (20,016).
- In 1985, we took on 940 (810) apprentices, bringing the total to 2,090 (1,868) by year-end. The proportion of apprentices to permanent domestic personnel has edged slightly upwards to 11.6% (11.0%).
- 357 employees (end-1984: 342) were taking part in our junior executive training scheme at end-1985.
- In Commerzbank's foreign outlets and representative offices, 732 (696) people were active, 606 (564) of whom were recruited on a local basis.
- The proportion of staff giving notice declined slightly to 4.2% (4.5%).
- Length of service: 45% (46%) of our personnel have been with us longer than 10 years and, once again, 14% for more than 20 years.
- The average age of our staff remained unchanged at 36.
- At year-end, the number of pensioners and surviving dependents was 3,463 (3,204) and 1,403 (1,410), respectively; 346 (338) employ-

ees left us for retirement. An additional 162 took advantage of the Bank's 1984 early retirement scheme; this represented virtually two-thirds of those entitled to do so.

#### Personnel expenditure and welfare provision

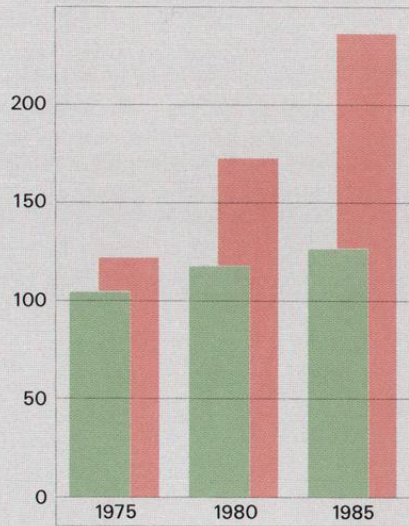
- Personnel expenditure rose by 9.3% (4.3%) to DM 1,364.5m (DM 1,248.3m) in 1985.
- Chiefly responsible for this advance were:
  - a 3.6% increase in collectively negotiated salaries as from March 1 and a similar rise in all individually agreed salaries as from July 1, 1985, as well as
  - growth of 4.9% in the average number of staff over the year.
- The individual items of personnel expenditure included:
  - wages and salaries, which advanced 9.6% to DM1,064.5m;
  - social insurance contributions, up 10.5% to DM160.3m;
  - pensions, pension fund contributions, benefits, rising 6% to DM139.7m.
- Employer's contributions to the BVV scheme, a supplementary pension fund of the private-sector banks, came to DM37.2m (DM34.4m); in addition, half of this amount was paid in by our employees themselves.
- DM66m (DM59m) was spent on basic and advanced training, the former accounting for DM40m (DM37m).
- Special payments to individual employees for long and loyal service came to DM6.6m (DM5.6m).
- The 20th offer to employees of Commerzbank shares at a preferential price raised DM6.9m in additional equity funds. Our staff paid in DM4.2m, and we covered the difference.

#### Expansion primarily at branch level

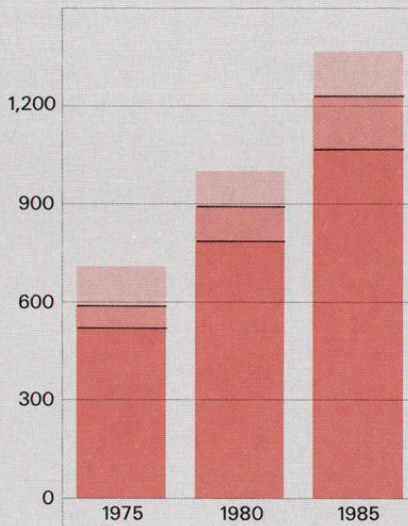
Against the background of more intensive business activities at home and abroad, but also with a view to future growth targets, it proved necessary to expand our personnel. Over two-thirds of the increase in permanent staff went into strengthening our branch network. At the same time, capacity at our head offices had to

# Commerzbank's staff as reflected in personnel statistics

1974 = 100



in DM m



## Number of employees and personnel expenditure

During the past ten years, our staff has increased by a fifth in all, to 21,200. Over this period, personnel costs have almost doubled – with social insurance contributions rising even more rapidly than actual wages and salaries.

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

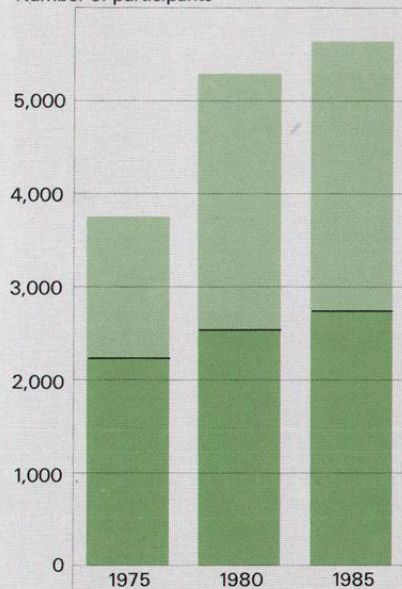


## Years of service with Commerzbank

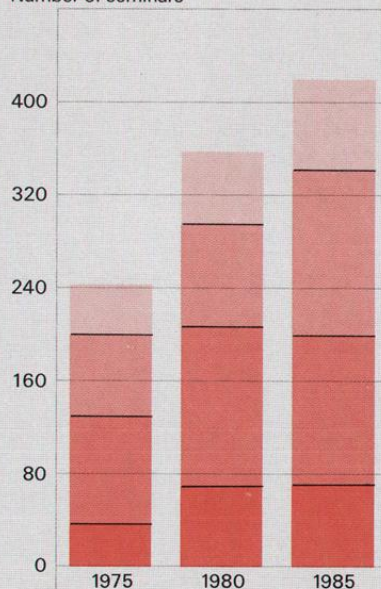
About two-thirds of our staff have now been with us for at least five years, 45% even for 10 years or longer.

- female employees
- male employees

Number of participants



Number of seminars



## Advanced training constantly revised

While further training was stepped up in general, the focus lay on marketing and advanced seminars – reflecting the emphasis we place on quality and service in developing the programme.

- Number of participants:
  - in regional seminars
  - in seminars at main training centre
- Number of seminars:
  - marketing seminars
  - advanced seminars
  - basic seminars
  - miscellaneous seminars (language courses, seminars for executives, trainees and employees' representatives)

be enlarged, the emphasis being placed on data processing and securities dealings.

Only to a limited degree was it possible to find qualified personnel in the labour market, which makes it all the more important to further the development of our own junior staff. For this reason, we have strengthened the latter groups (apprentices and junior executive staff) by some 240 young people.

#### Steady interest in bank apprenticeships

School-leavers continue to find certified bank clerk apprenticeships very attractive. In 1985, we received roughly 46,000 applications, about 11% more than in 1984.

The Bank was able to offer training posts to 940 new apprentices, principally leading to the qualification of certified bank clerk, but also for those of clerical assistant and specialist in organizational aspects of advertising; this represents a gain of 16%. In the bank clerk training scheme, the proportion of those possessing a full university entrance qualification climbed from 52% to 55%, while that of apprentices with a limited college entry qualification slipped from 10% to 9%. The share of school-leavers with an intermediate certificate after at least 10 years education went up slightly.

Since 1976, when those born in the baby-boom years made their first impact on the apprenticeship market, we have increased our training posts by almost 50%, from 1,412 to 2,090.

While preparing young people for their jobs, we duly take into account the more exacting demands made on the quality of counselling and customer service. Consequently, sales training which draws upon the possibilities offered by the latest in technology is a key component in our courses for apprentices.

#### Training of future specialist and executive staff stepped up

To cover our mounting need for junior specialist and executive personnel, we have raised our total of trainees to around 360.

Here we have been particularly careful to take our own employees into consideration; in this scheme for junior executives, they are given the opportunity to develop their specialist knowledge and their leadership qualities in an intensive form. At the same time, we take on qualified university graduates in economics or law.

#### Higher qualification through advanced training

We also continue to set great store by advanced training. The emphasis here lies on promoting the counselling and selling abilities of our employees and on developing leadership potential.

During its ten years of operation, the Bank's own advanced training centre at Glashütten in the Taunus Hills has most convincingly proved its worth as the focal point in furthering the abilities of our staff.

#### Adjustment of internal welfare provision

It is still our intention to reduce the Bank's own supplementary pension scheme to an acceptable level as regards both its financing and the degree of welfare provision offered. Despite several rounds of negotiations, this aim could not be realized in the 1985 business year, either. Further meetings are planned with the employee representatives.

#### Constant cooperation with employee representatives

In a spirit of constructive cooperation, the Bank's management discussed a variety of topics with the employee representatives' committees. In March, an internal agreement was reached with the central staff council concerning display-screen workplaces. In frequent talks, the Bank's management took up the introduction of new media—especially the equipping of branches with computer terminals—with the commission on rationalization and technology set up by the central staff council.

The economic committee held regular discussions with members of the Board of Managing Directors.

With the senior staff spokesmen's committee, topics of mutual interest were dealt with in an objective and open-minded manner.

**Advanced training for employees  
–an investment for the future**

Along with basic training, that at advanced level is an important element in providing for future personnel needs. In banking, it has special significance since, given largely homogeneous products, the quality of the staff is a decisive factor in competition.

Basic training provides school-leavers with a broad knowledge of fundamentals, enabling them subsequently to carry out tasks in the most diverse sectors of banking. By contrast, advanced training is geared to employees already possessing professional experience. In the first place, it reflects the Bank's concern to boost the efficiency of its staff and prepare them for fresh challenges; secondly, it presents ambitious employees with the chance of getting ahead in their careers. Unlike its counterpart at the basic level, advanced training is subject to no legally binding norms, but rather is adapted solely to a firm's internal needs; to a peculiar extent, therefore, it mirrors the company's business policy stance.

New dimensions in the sixties

At Commerzbank, the late sixties brought a marked change. New groups of customers and banking services, altered work procedures and a different relationship between employees and superiors, as well as the sharp surge in the number of staff and branches, all made it necessary to offer employees more sophisticated courses than before. In addition, competition became much keener.

In 1968, we laid the foundations for systematic advanced training. On-the-job instruction was complemented by course teaching. A head-office section devoted to advanced training took over the task of coordinating the actual need for training with the facilities available and of ensuring that the courses had an up-to-date image.

Simulation of real-life situations

Advanced training at Commerzbank is closely related to the actual work situation, since on-the-job learning holds the greatest promise of success. Practically oriented seminars, either run simultaneously or immediately beforehand, guarantee the indispensable theoretical basis and secure the necessary

training effect. In terms of the time involved, the ratio of on-the-job to "off-the-job" instruction is roughly 95:5.

In order to form as objective a picture as possible of the need for advanced training, the personnel heads work closely together with the employee's direct superiors, the relevant specialist departments, and the local staff councils. The content of the seminars and the methods to be used are devised by a planning group comprised of practical bankers from the sectors involved and members of the head-office advanced training group.

Since the course participants already possess the basic knowledge or are urged to prepare themselves for their seminar, highly effective forms of teaching predominate, which are strongly communication-oriented: group work, case studies, simulated conversations and role games. Technical aids (e.g. video films) help to mould the behaviour required in the practical job situation.

Broadly-based programme  
–transcending specialist knowledge

Over the past 15 years, the advanced training programme has been continually extended in line with broader needs. Today it covers 110 types of seminar from ten sectors, ranging from the major areas of banking and management to foreign languages.

Apart from a thorough knowledge of the subject, successful retail banking also requires a sales-oriented training of personal behaviour. For this reason, courses on specialized subjects and sales techniques have been amalgamated into a series of seminar units, interspersed with application phases in practical banking.

Every new member of staff who is a potential candidate for a managerial position today attends seminars designed to promote the appropriate behaviour. Here, too, practical orientation and tapping past experience are the order of the day.

Experienced instructors needed

On principle, the seminars are conducted by our own specialists and managerial staff, who have wide-ranging knowledge in their own fields. Aspiring managerial staff in particular are individually urged to take over

seminars within our advanced training programme. Besides ensuring the quality of the instruction, this promotes the personal development of those holding the courses. We consider this cognitive gain so important that we are constantly widening the circle of our training personnel. A rotation principle guarantees that as many suitable people as possible play an active role in the Bank's advanced training seminars.

In order to prevent such courses from becoming too "inward-looking", we also increasingly draw upon both external sources for seminars and the advice of consultants. These are intended, above all, to study our advanced training philosophy and take over the briefing of the Bank's own lecturers. The use of external training personnel is almost exclusively restricted to language and management courses.

Glashütten advanced training centre  
– focal point of staff seminars

At the start of the seventies, ever greater advanced training requirements and the Bank's need for its own, functionally oriented teaching centre led to the building of Commerzbank's advanced training complex at Glashütten in the Taunus Hills. The physical features of this new construction, which was awarded a prize for excellence by the state of Hesse in 1978, were planned taking into account the latest theoretical insights into learning processes and architectural design. Courses began in 1975 and the conception proved so successful that right from the beginning participants were able to identify with the centre. In the ten years of its existence, the number of people taking part in Glashütten seminars has climbed to over 25,000.

Today, the main further training centre itself, which can accommodate more than 70 people, is regularly filled to capacity with the advanced training seminars. Consequently, all the basic courses take place at a regional level. Annually, about 5,700 employees are invited to attend various types of courses. Over a three-year period, staff who have di-

rect contact with customers attend four seminars, while managerial personnel even take part in seven.

Educational and organizational considerations have shown that a duration of one week is appropriate for most basic courses.

Advanced training has to be efficient

Advanced training is subjected to a strict profit/cost analysis. Through exact definition of target groups and careful selection of the participants, we monitor expenses while systematic follow-up support on the job, after the seminar is over, helps to ensure that what has been learned is applied, i.e. that it is put to good use.

New versatility called for

The market for the services banks offer is passing through a phase of rapid upheavals. New technologies and novel products demand great flexibility of advanced training.

Our Bank has adjusted to this change. Both qualitatively and quantitatively, advanced training activities are being reinforced even more, with the emphasis on the following aspects:

- extending the responsibilities of our customer counsellors with the aim of offering clients a comprehensive range of our services, as far as possible through one member of staff;
- tapping the potential of suitable employees, who have hitherto performed administrative tasks, for use in customer-service sectors;
- teaching of abilities and skills so as to simplify administrative work and put information to better use with the aid of new technologies;
- training of managerial personnel in order to promote entrepreneurial thinking and action more strongly.

COMMERZBANK 



**Warum unsere Partnerschaft mehr Sicherheit für Ihr Kind bedeutet.**

Überall im Straßenverkehr lauern Gefahren und verlangen unsere ganze Aufmerksamkeit. Ein Kind ist solchen Anforderungen noch nicht gewachsen. Es braucht Hilfe. Die Deutsche Verkehrswacht bietet mit ihrem Kinder-Verkehrs-Club ein Lern- und Spielprogramm an, mit dem schon 3- bis 6-jährige umsich-

tiges Verhalten im Straßenverkehr üben können. Dieses Anliegen fördern wir und wollen ihm durch unsere Unterstützung zu noch größerem Erfolg verhelfen. So machen wir gemeinsam das Leben Ihres Kindes sicherer. Denn auch das gehört zur Partnerschaft mit unseren Kunden. Unser Sponsorstatus „Gold“ und „Hörn Pummelzahn vom Kinder-Verkehrs-Club“ wollen von nun an gemeinsam dazu beitragen, daß sich Ihr Kind im Straßenverkehr richtig verhält.

  
Commerzbank.  
Die Bank an Ihrer Seite.



**Hörn Pummelzahn vom Kinder-Verkehrs-Club hilft Kinderleben retten.**

Darum bin ich an Deiner Seite!



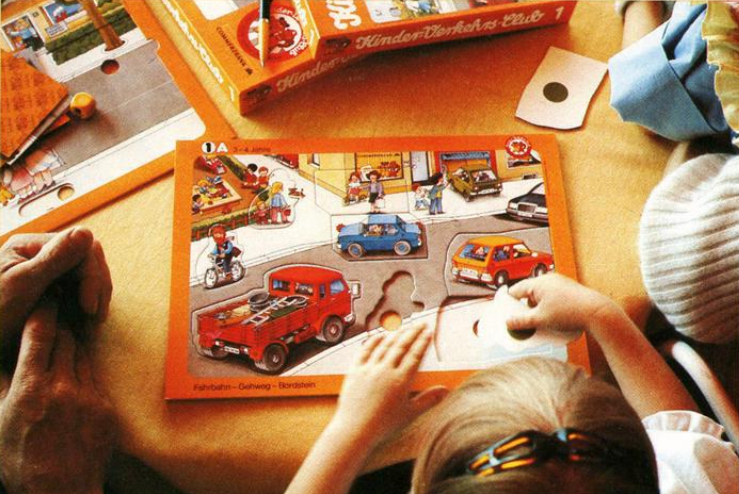
Kinder-Verkehrs-Club  
COMMERZBANK

**Kinder-Verkehrs-Club 1**


Spiele und Übungen zur Verkehrserziehung





**Kinder-Verkehrs-Club 1**



## The Bank and young people

Today's adolescents are tomorrow's customers—a fact reflected by the broadly-based, long-term conception underlying our youth activities. Along with our advertising, we have stepped up our youth-oriented public relations work in recent years.

With our slogan "The bank you can bank on", we touch upon two key notions that are important to youngsters: being a partner and offering assistance. In the following

survey, we provide examples of how these two motifs recur in our youth marketing.

The aim of West Germany's children's road safety club is to minimize the danger of traffic accidents. We support this institution of the German Road Safety Committee not only financially but also at the organizational level by offering advice and information at our branches.

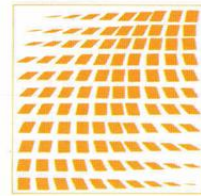


With our "Memphis" campaign—"Memphis" standing for a bold, cheerful design by avantgarde graphic artists—we explored new paths in youth advertising; we are trying to reach the 12 to 16-year-olds, the last of the country's baby boom generation, through this approach.

Its climax so far was the decoration of a few special branches in the Memphis look. For several weeks, these offices which were equipped to appeal to adolescents

and run by young Commerzbank counsellors became popular meeting-places for youngsters, who could pick up advice on saving and general banking services through informal chats.

Taking up the dialogue with the young in the field of leisure activities is difficult but worthwhile. Music and games, as well as involvement in socio-political topics, all enjoy a high standing with young people.



## Konzert

mit Preisträgern der  
Bundeswettbewerbe „Jugend musiziert“

Es spielt das  
Albert-Schweitzer-Quintett, Hamburg  
Angela Tetzlaff (Flöte), Christiane Dönigen (Oboe),  
Diemar Schneider (Klarinette), Silke Schorack (Horn),  
Eckart Hübner (Fagott)

Werke von  
Joseph Haydn, Gioacchino Rossini, Ferenc Farkas,  
Giovanni G. Cambini, Albrecht Gürsching, Jacques Ibert

Großer Saal der Commerzbank  
Frankfurt, Neue Mainzer Straße 33-36

Einladungen in unseren Geschäftsräumen

COMMERZBANK 



Mitmachen!

## 2. Deutsche Börsenspiel-Meisterschaft

1. Preis Flugreise  
nach New York.

Regional-Meisterschaften  
in 60 Städten.  
23.-26. September '85

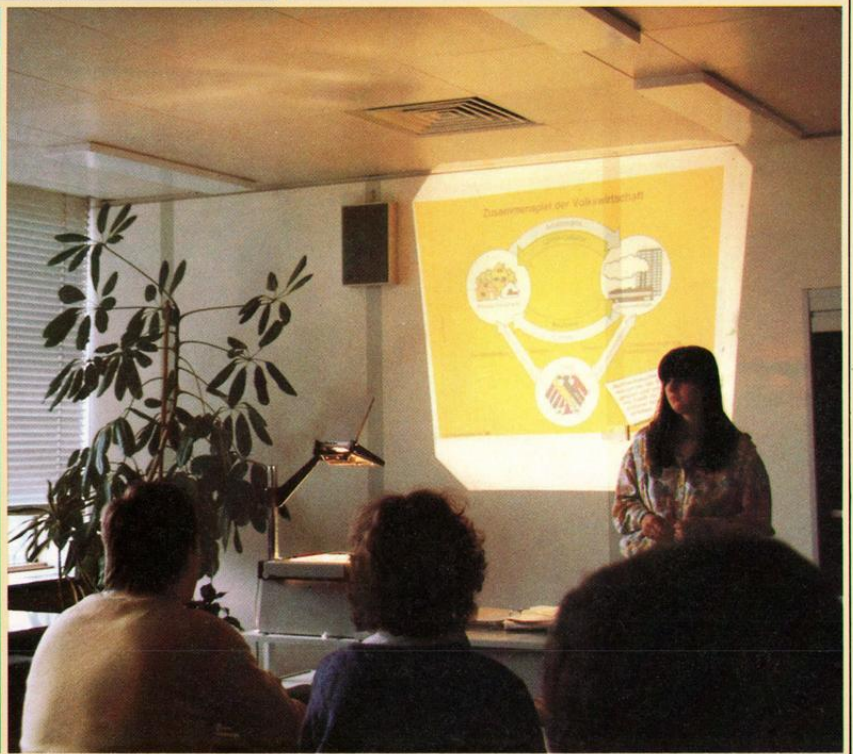
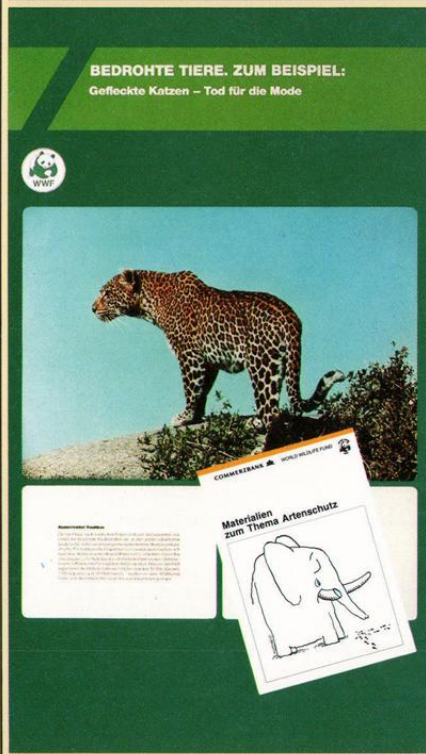
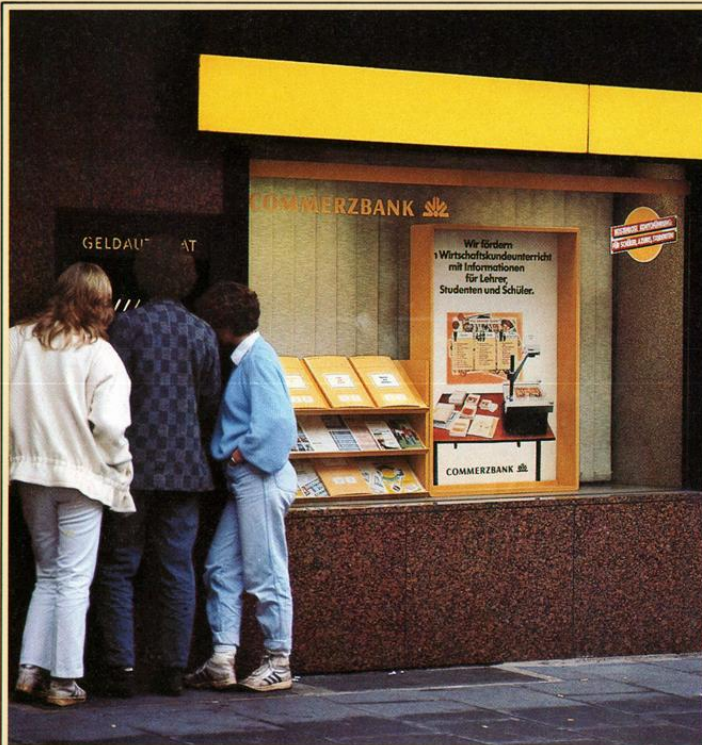
2. Deutsche  
Börsenspiel-Meisterschaft  
1985  
COMMERZBANK   
Ravensburger



In these areas, too, we want to show that we are open-minded and approachable—and thus cooperate with partners competent in such fields: “Young musicians” is an initiative, for example, through which the German Music Council has for years promoted youthful talent. Commerzbank has long supported this undertaking, inviting the general public to the regular concerts given by the sponsored young players and award-winners at the Bank’s Frankfurt headquarters.

One event aimed at all age groups has been especially well received by young people: the German stock exchange championship, which we have held twice so far in conjunction with the games manufacturer, Otto Maier-Verlag, Ravensburg. This game, which is run throughout the country, simulates the functioning of the bourse and its economic background.





At many of our branches, we have presented a World Wildlife Fund exhibition designed to show why the protection of rare animals should take precedence over human self-interest; here, it is demonstrated in a striking manner that preserving endangered species ought to be a task for everyone. We try to secure a broad response from young people by providing schools with teaching materials for dealing with the topic in class and by organizing local competitions.

Naturally, we approach the young through our own special domain as well—business, money and banking. Our wide range of publications, offered to teachers in particular, is meeting with growing demand. Such didactically conceived guides and information brochures for young people are complemented by talks and discussions with school-classes held by our branch office managers.



# Parent Bank's Annual Report for the Year 1985

## Notes on the Parent Bank's annual accounts

During 1985, the Bank's total assets increased by DM9,848.3m, or 13.5%, to DM82,606.9m. The relevant changes in the financial position are set out below:

Assets		Liabilities	
in DM m		in DM m	
Cash reserves, cheques, and collection items	- 1,036.2	Liabilities to banks	+ 6,299.0
Bills of exchange	+ 413.7	a) demand	(+ 2,226.7)
Claims on banks	+ 6,667.1	b) time	(+ 4,072.3)
Treasury bills	+ 459.3	Customers' deposits	+ 2,334.8
Bonds and notes	+ 1,827.3	a) demand	(+ 2,266.2)
Other securities	+ 53.2	b) time	(- 523.3)
Loans and advances to customers	+ 1,117.8	c) savings deposits	(+ 591.9)
Investments	+ 248.4	Bonds outstanding	+ 538.1
Land and buildings, office furniture and equipment	+ 68.1	Acceptances outstanding	- 46.3
Sundries (including loans on a trust basis)	+ 29.6	Provisions	- 12.9
		Profit-sharing certificates outstanding	+ 425.0
		Share capital	+ 44.2
		Disclosed reserves	+ 155.6
		Distributable profit	+ 60.5
		Sundries (including loans on a trust basis)	+ 50.3
	+ 9,848.3		+ 9,848.3

## Assets

### Liquidity

At year-end the cash reserves, consisting of cash on hand and balances with the Deutsche Bundesbank and on postal giro accounts, stood at DM2,862.1m, representing 3.7% of our total liabilities to banks and other creditors—including indebtedness from bonds and acceptances outstanding—of DM77,203.8m. The Bank's liquid assets—cash reserves, cheques, matured bonds, interest and dividend coupons, collection items, bills rediscountable at the Deutsche Bundesbank, claims on banks with periods of less than three months, Treasury bills and discountable Treasury notes as well as fixed-interest securities eligible as collateral for Deutsche Bundesbank advances—totalled DM19,357.5m and covered 25.1% of the deposits, borrowings, and other indebtedness specified above.

### Claims on banks

Claims on banks were up by DM6,667.1m to DM22,809.8m. This item reflects debit balances on current accounts, money-market investments, and loans to domestic and foreign banks; it breaks down as follows (see overleaf:)

Claims on banks		
in DM m	1985	1984
Interbank and clearing balances	17,837.1	10,938.4
of which: demand	(3,616.5)	(3,587.7)
time	(14,220.6)	(7,350.7)
Loans	4,972.7	5,204.3
including: long-term	(2,926.5)	(3,160.8)
Total	22,809.8	16,142.7

Securities portfolio

The Bank increased its portfolio of bonds and notes by DM1,827.3m to DM6,986.8m, 55.1% of this total being securities eligible as collateral for advances from the Deutsche Bundesbank.

The item securities not to be shown elsewhere comprises the Bank's holdings of marketable

equities, investment fund shares, and certain other securities.

At December 31, 1985, the Bank held more than 25% of the share capital of the following companies (other than those listed as "Holdings by Commerzbank in affiliated and other companies" on pages 80 and 81):

Holdings of more than 25%	
in DM m	Share capital
Commerzbank Aktiengesellschaft von 1870, Hamburg	(100.0 RM*)
Hannoversche Papierfabriken Alfeld-Gronau Aktiengesellschaft, Alfeld (Leine)	40.0
Karstadt Aktiengesellschaft, Essen	360.0
Sachs Aktiengesellschaft, Munich	45.3

\*) Reichsmark.

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

Lending

Total lending to banks and non-banks (excluding loans on a trust basis and guarantees) increased by DM1,413.0m, or 2.9%, in the year under review.

The loan portfolio breaks down as follows:

Lending		
	1985	1984
Loans to customers		
a) short and medium-term	DM23,909.4m = 47.6%	DM23,941.5m = 49.0%
b) long-term	DM17,131.9m = 34.1%	DM15,982.0m = 32.7%
Sub-total	DM41,041.3m = 81.7%	DM39,923.5m = 81.7%
Loans to banks		
a) short and medium-term	DM 2,046.2m = 4.1%	DM 2,043.5m = 4.2%
b) long-term	DM 2,926.5m = 5.8%	DM 3,160.8m = 6.5%
Sub-total	DM 4,972.7m = 9.9%	DM 5,204.3m = 10.7%
Book and acceptance credits	DM46,014.0m = 91.6%	DM45,127.8m = 92.4%
Bills discounted	DM 4,237.8m = 8.4%	DM 3,711.0m = 7.6%
Total lending	DM50,251.8m = 100.0%	DM48,838.8m = 100.0%

In the year under review, the Bank marginally raised the share of long-term loans in its total lending to 39.9%, up from 39.2% at end-1984. Funds extended at long term were, inter alia, financed by bonds issued by the Parent Bank with maturities of more than four years amounting to DM4,011.4m and by DM9,028.2m longer-term borrowings, mainly from banks—among them Kreditanstalt für Wiederaufbau (Reconstruction Loan Corporation)—and from public authorities, but also including the D-mark equivalent of the cash proceeds of foreign currency bonds issued by other members of the Commerzbank Group. Where so provided for in the agreements with the respective lenders, funds were passed on to the final borrowers on the terms set by the former.

Book and acceptance credits showed a rise of DM1,117.8m, or 2.8%, in loans to customers, while advances to banks declined by DM231.6m, or 4.5%. Bill discounts were up by DM526.8m, or 14.2%, to DM4,237.8m. This includes rediscounted bills of DM2,167.5m, representing 51.1% of our total bill portfolio at year-end.

Book and acceptance credits extended plus bills discounted by our foreign branches reached DM12,004.6m, or 23.9% of aggregate lending of this kind by the Bank, compared with DM13,220.0m, or 27.1%, at end-1984.

Commerzbank's loans and advances to some 514,000 borrowers break down as follows:

Size of loans	1985	1984
348,274 loans of up to DM20,000	67.8%	69.7%
110,637 loans of more than DM20,000, up to DM100,000	21.5%	20.1%
	89.3%	89.8%
49,621 loans of more than DM100,000, up to DM1,000,000	9.6%	9.2%
5,756 loans of more than DM1,000,000	1.1%	1.0%
	100.0%	100.0%

Again in 1985, risks in our lending had to be substantially provided for. By far the greatest portion of these provisions served to cover country risks which, although down as an aggregate total thanks to exchange rate shifts, in part became more acute because of unanticipated political and economic developments. We have applied the customary caution in assessing our specific loan loss provisions, and country risks have been provided for to an extent we consider adequate. Moreover, the allocation to the global loan loss reserve was made for the Bank as a whole as required under banking supervisory rules.

#### Investments as shown in the balance sheet

Of the investments as shown in the balance sheet, DM1,082.7m represents holdings in credit institutions and DM787.5m in non-banks. In respect to its above holdings in credit institutions, Commerzbank, in proportion to its equity share, ensures that those in which it owns a majority are able to meet their liabilities.

The more important of the companies in which the Bank has a stake are set out on pages 80 and 81, with mention being made of Commerzbank's share in the capital of each of them.

The Bank raised these holdings in subsidiaries and associated companies and its trade investments by DM248.4m in 1985. The change is the result of additions of DM312.9m (DM65.1m of which related to credit institutions), disposals of DM1.7m (with DM1.6m relating to credit institutions), and write-downs of DM62.8m (with DM62.7m relating to credit institutions).

Worthy of mention as regards the additions is the acquisition of an over 10% share in each of two holding companies, namely in Thyssen-Beteiligungsverwaltungsgesellschaft mbH, Düsseldorf, holding more than 25% of the share capital of Thyssen Aktiengesellschaft of Duisburg, and in FGH Frankfurter Gesellschaft für Hotelwerte mbH, Frankfurt/Main, holding a majority in the share capital of Kempinski Aktiengesellschaft of Berlin since December 31, 1985/January 1, 1986, when we sold the interest we had held in that company until then to the above holding company. Also reflected in this item are both the establishment in the year under review of our Swiss subsidiary, Commerzbank (Switzerland) Ltd, Zurich, endowed with a share capital of Sfr25m, and the increase in subordinated loans we have granted to our Dutch subsidiary, Commerzbank (Nederland) N.V., Amsterdam. Otherwise, the additions reflect increases in share capital, the build-up of existing holdings

and, to a small degree, also obligatory payments on account of subscriptions.

The main change regarding the disposals was the sale of the shares which we had held in The Industrial Finance Corporation of Thailand (IFCT), Bangkok.

The write-downs relate to holdings in two foreign banks and one domestic credit institution.

Overall, Commerzbank's subsidiaries and affiliates did well in 1985. Total income from these investments, including income transferred under profit-pooling agreements, came to DM106.9m, after DM99.8m in the previous year.

For details on the Bank's relations with these companies, see pages 55 to 79 of this report (Consolidated Annual Report).

#### Land and buildings

Land and buildings are shown at DM549.6m, or DM9.5m higher than a year earlier. The difference represents the balance of additions of DM23.6m, disposals of DM0.5m, and depreciation as permissible under tax regulations of DM13.6m. The additions consist of modernizations of buildings in Wetzlar, Mainz and Mayen and, to a minor extent, of new acquisitions effected to round off premises already owned.

Commerzbank has continued in the year under review to use eight leased premises for its banking business. The leasing rentals involved totalled DM79.5m, as against DM78.7m in 1984. One building in Detmold, later to be used on the same basis by our branch there, is currently being constructed.

#### Office furniture and equipment

The net book value of office furniture and equipment rose to DM324.9m, following additions of DM147.7m, disposals of DM6.0m, and normal depreciation of DM83.1m. The cost of minor-value items bought in 1985 at DM12.3m was written off in full and is thus included in both the additions and the depreciation.

#### Other assets

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

#### Deferred items

The deferred asset items not only represent prepaid expenses, interest, and commissions, but also debt discounts of DM153.5m. This amount includes DM81.0m of unamortized discounts on savings certificates, DM47.5m on long-term liabilities, DM20.6m on bonds issued by the Bank, and DM4.4m on repurchase agreements with the Deutsche Bundesbank.

### **Liabilities and shareholders' equity**

#### Liabilities

During the year under review, liabilities to banks and to other creditors rose by DM8,633.8m, or 14.0%, to DM70,325.1m, with liabilities to banks up DM6,299.0m, and customers' deposits up DM2,334.8m.

Our total liabilities break down as follows:

Deposits		
	1985	1984
<b>Liabilities to banks</b>		
a) demand	DM 5,405.7m = 7.7%	DM 3,179.0m = 5.2%
b) time	DM14,245.5m = 20.3%	DM10,181.7m = 16.5%
c) for customers' drawings on other banks	DM 27.1m = .	DM 18.6m = .
Sub-total	DM19,678.3m = 28.0%	DM13,379.3m = 21.7%
<b>Customers' deposits</b>		
a) demand	DM12,595.0m = 17.9%	DM10,328.8m = 16.8%
b) time	DM26,826.0m = 38.1%	DM27,349.3m = 44.3%
c) savings deposits	DM11,225.8m = 16.0%	DM10,633.9m = 17.2%
Sub-total	DM50,646.8m = 72.0%	DM48,312.0m = 78.3%
<b>Total deposits</b>	<b>DM70,325.1m = 100.0%</b>	<b>DM61,691.3m = 100.0%</b>

Bonds

The volume of the Bank's own bonds outstanding (including accrued interest liabilities on these paper) increased by a total of DM538.1m to DM5,452.9m, DM85.1m nominal of which—with a market value at the balance sheet date of DM90.1m—was temporarily held by the Bank itself.

The item comprises DM1,441.5m of bearer bonds with an original life of up to four years. Of paper with an original maturity of more than four years,

DM3,158.3m was accounted for by bearer bonds issued to fund our longer-term lending to customers,

DM539.8m by savings certificates with an annually rising coupon,

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

Provisions

Actuarially computed by using the "normal entry age method", liabilities for pensions rose by DM58.2m, from DM767.0m at end-1984. They thus reached DM825.2m at end-1985, the latter amount taking into account our aggregate liabilities of this kind.

Provisions for other purposes, which are shown at DM613.7m, relate to loan risks, taxes, year-end bonuses only to be paid in 1986, anticipated losses under executory contracts, and other liabilities of uncertain amount (the latter including such pension payment liabilities as we anticipate, also on the basis of the normal entry-age method, to result from a certain number of our employees opting for early retirement under a scheme collectively agreed in 1984), and to that portion of the global loan loss reserve that could not be set off against any of the asset items.

Deferred items

The deferred liability items of DM325.4m mainly reflect unearned interest and service charges on credits which were granted under personal loan schemes and relate to future years.

Capital and reserves

The Bank utilized the authorization by the Annual General Meeting on May 15, 1985—made possible by the revised German Banking Act (KWG) that became effective on January 1, 1985—to in-

crease its liable equity through the issue, on July 3, 1985, of DM425m of profit-sharing certificates (Genussscheine). The latter were offered to shareholders on a 1:2, corresponding face-value basis, meaning that for every four DM50 nominal of shares held, one DM100 nominal profit-sharing certificate could be subscribed to at a price of DM100. Holders of the certificates will be served before shareholders from the Bank's distributable profit, receiving a payment of 8.25% of the face value of the profit-sharing certificates plus a possible additional amount corresponding to 0.25% of the face value of the certificates for each DM0.50 of dividend paid on the Bank's DM50 nominal shares over and above an amount of DM6. The profit-sharing certificates, which will expire at the end of the 1995 business year, rank for payment as of July 1, 1985. Their holders will, however, also have to participate in possible losses to the extent stated in the offering conditions for the paper published on issue in June, 1985; they rank after all other creditors of the Bank. Upon application by the Bank, the profit-sharing certificates outstanding have been given recognition as of July 31, 1985 by the German Banking Supervisory Authority as liable equity according to section 10 of the German Banking Act (KWG).

The Bank's share capital, having amounted to DM843.4m at the end of 1984, was added to as follows during the year under review:

From the unissued capital of DM15m as authorized by the AGM on May 18, 1984 the Bank, with the prior agreement of its Supervisory Board, in June 1985 issued DM2.1m nominal of shares to its staff, thus increasing its share capital by that amount.

During the course of the summer we have, in agreement with Banco Hispano Americano S.A. of Madrid, taken over from this bank and then placed anew the DM140m of 3¾% bonds with warrants issued in 1984 by Commerzbank Overseas Finance N.V., Curaçao. In the second half of 1985, these warrants were gradually presented for conversion, resulting in the Bank issuing their holders—at a conversion price of DM158 per DM50 nominal share—with a total of DM42.0m nominal of shares from unissued, conditionally authorized capital.

Moreover, a further DM74,250 nominal of shares were issued—at a conversion price of DM140 per DM50 nominal share—from unissued, conditionally authorized capital to the holders of the warrants attached to the 8% bonds issued by the Bank in 1984.

At the balance sheet date, there was an unissued authorized capital of DM162.9m, DM12.9m of which is earmarked for the issue of shares to employees. Of the DM282.9m further conditionally authorized capital increases as shown in the balance sheet, DM204.9m is to be used for the issue of shares to the holders of bonds with warrants launched by the Luxembourg subsidiary, Commerzbank International S.A., in 1978 and 1983, and by the Parent Bank, Commerzbank Aktiengesellschaft, in 1984.

A total of DM95.6m was allocated to the legal reserve in 1985. DM4.8m of this was the premium from the issue of DM2.1m nominal of

shares to our staff. An additional DM90.7m was the premium from the conversion into DM42m nominal of share capital of the DM140m 3¾% bonds with warrants issued in 1984 by Commerzbank Overseas Finance N.V., Curaçao. Further premiums of DM133,650 resulted from the conversion into DM74,250 of share capital of the warrants attached to the 8% bonds which were issued by the Bank in 1984.

Other, voluntary reserves were augmented by DM60m from the 1985 net income.

Following this, the Bank's liable funds at end-1985 were made up as shown below:

Capital and reserves		
in DM m	1985	1984
Profit-sharing certificates outstanding	425.000	–
Share capital	887.574	843.400
Disclosed reserves		
a) legal reserve	1,194.655	1,098.992
b) other reserves, voluntary	829.000	769.000
Total liable capital	3,336.229	2,711.392

#### Footnotes to the balance sheet and other information

Endorsement liabilities on rediscounted bills of exchange amounted to DM2,167.5m, against DM2,054.4m as at December 31, 1984.

Contingent liabilities from guarantees, including guarantees for bills and cheques, and from indemnity agreements totalled DM9,650.5m, exceeding the commitments outstanding at the end of the preceding year by 6.4%.

Commitments for uncalled payments on shares in stock corporations (AG) and in private limited liability companies (GmbH) issued but not fully paid amounted to DM31.9m, while similar liabilities for shares in cooperatives were DM0.5m. In addition the Bank may, under Section 24 of the German Private Limited Liability Companies Act (GmbHG), be held responsible for possible defaults on such calls by other shareholders.

In respect of its holding in Liquiditäts-Konsortialbank GmbH, the "lifeboat" institution of the German banking industry, the Bank is responsible for the payment of assessments of up to DM33.9m. Moreover, the Bank is jointly and severally liable under guarantee for any assessments payable by the member banks of Bun-

desverband deutscher Banken e. V. (Federation of German Banks) up to a total of DM245.1m.

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

On the balance sheet date, DM2,457.2m of our securities holdings were pledged as collateral in short-term fund-raising operations, especially under repurchase agreements with the Deutsche Bundesbank.

The Bank's foreign operations make it necessary under the laws of certain countries to furnish government bodies with security; this meant that a further DM535.6m of the Bank's assets were tied by liens held.

#### **Profit and loss account**

*Interest and similar income from lending and money market transactions* was DM5,068.7m, as against DM5,336.7m in 1984. The decrease amounted to DM268.0m, or 5.0%.



*Current income from fixed-interest securities, Government-inscribed debt, other securities, and investments as shown in the balance sheet* went up by DM68.3m, or 13.7%, to DM566.7m on the corresponding figure for 1984.

*Income received under profit-pooling and partial or full profit-transfer agreements* amounted to DM9.3m, as against DM10.2m in the previous year.

The net balance obtained by the deduction of DM3,658.5m *interest and similar expenses* from the DM5,644.7m of total interest and dividends earned is DM1,986.2m. This rise of DM151.6m, or 8.3%, on 1984 went hand in hand with a 10.4% expansion of the average business volume.

*Commissions and other service charges received* were up by 24.6%, from DM677.6m to DM844.5m. With *commissions and similar service charges paid* amounting to DM42.4m, net income from commissions was DM802.1m, against DM641.8m in the preceding year; this was an increase of DM160.3m or 25.0%.

*Other income, including that from the writing back of provisions for possible loan losses*, is shown at DM221.8m. This reflects gains from own-account foreign exchange transactions, rentals from real estate, and other ordinary and extraordinary income.

*Write-downs of and adjustments to claims and securities, as well as additions to provisions for possible loan losses*, are shown at an amount of DM393.4m (DM263.9m in 1984), having offset against them gains and income to the maximum extent permitted under statutory accounting principles.

The Bank's total personnel expenses—*salaries and wages, compulsory social security contributions, and expenses for pensions and other employee benefits*—were DM1,364.5m, compared with DM1,248.3m in 1984. The items salaries and wages and compulsory social security contributions also include current payments under the early-retirement scheme collectively agreed in 1984.

Altogether, our personnel expenditure grew by DM116.2m, or 9.3%—the result both of higher wages and salaries and a strong expansion of our staff.

*Other operating expenses* went up DM86.7m, or 16.9%, to DM598.4m from DM511.7m. Much of this increase relates to higher rentals, includ-

ing in particular maintenance costs, and higher spending on data processing.

*Depreciation on and adjustments to land and buildings, office furniture and equipment* were charged to the extent permitted under tax regulations at DM96.7m.

*Taxes* went up from DM207.1m in 1984 to DM233.2m. Of this total, DM8.1m was made up by taxes other than those on income and assets, including DM5.7m of equity issuing tax.

*Other expenditure*, down by DM7.6m, totalled DM43.1m; of this amount, DM12.2m (DM21.3m in 1984) is accounted for by Commerzbank's contribution to the German bank's Deposit Insurance Fund. Also grouped under this item are such expenses as cannot be shown elsewhere.

The remuneration paid in and still to be paid for 1985 to the Bank's Managing Directors amounted to DM8,863,200.16. Retired Managing Directors or their surviving dependents received DM5,380,149.91. Payments to members of the Supervisory Board totalled DM1,220,812, and those to members of the Central Advisory Board DM474,240. Members of the Regional Advisory Councils were paid DM1,317,580.

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

For the issue of shares to our staff, we increased our share capital by DM2.1m nominal in the year under review, at a price of DM164.50 per DM50 nominal share. In addition, we purchased 551 of our own shares at an average price of DM175.66 per DM50 nominal share and resold a total of 42,551 of our shares to employees of the Bank, of its subsidiaries, and of associated companies at a preferential price of DM100 per DM50 nominal share.

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

by the Bank of 3,003,682 Commerzbank shares (bearer shares at a face value of DM50) of a total nominal value of DM150,184,100,

and by companies controlled or majority-owned by the Bank of 10,203 Commerzbank shares of a total nominal value of DM510,150.

The weighted average buying price of these shares was DM215.91; they were sold at a similarly computed average resale price of DM216.91.

The proceeds from these transactions were reallocated to working funds. The highest number of Commerzbank shares in our possession on one specific day in 1985 was 109,070—of a total nominal value of DM5,453,500—representing 0.6% of our share capital at that date. Neither the Bank itself nor any companies con-

trolled or majority-owned by it held Commerzbank shares at the balance sheet date.

Collateral furnished by borrowing customers as security included:

171,953 Commerzbank shares of a total nominal value of DM8,597,650, pledged to us, and

14,793 Commerzbank shares of a total face value of DM739,650, pledged to companies controlled or majority-owned by the Bank.

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

DM161,668,130.

Commerzbank herewith proposes to its shareholders that DM142,011,880 of this amount be used for the distribution of a dividend of DM8 per DM50 nominal share.

Adding to this the DM4.50 tax credit for shareholders with unlimited tax liability in West Germany, the gross amount to be received by them per DM50 share rises to DM12.50, or 25% of face value.

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

DM19,656,250

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 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 1985, of 1% of the certificates' face value. Ranking for payment as of July 1, 1985, the certificates will be served for half of the 1985 business year.

THE BOARD OF MANAGING DIRECTORS

Düsseldorf, March 11, 1986



The image shows twelve handwritten signatures arranged in a 4x3 grid. The signatures are in cursive and appear to be the names of the members of the Board of Managing Directors. The names are: Row 1: W. W., G. W., J. W.; Row 2: J. W., H. W., W. W.; Row 3: W. W., J. W., D. W.; Row 4: W. W., H. W., W. W.

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# Report of the Supervisory Board

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

The Supervisory Board fulfilled its duties through both meetings of all members and on a committee basis. Matters that had a fundamental bearing on the Bank's business policy, including its earnings performance, were treated in full session. Reports on the progress of the Bank's business were regularly submitted to the Presiding Committee of the Supervisory Board, which took up items of significance with the Board of Managing Directors. The Loans Committee met to review lending commitments for which their approval is required either by law or by the Bank's statutes, and also those involving an enhanced degree of risk. The Social Welfare Committee considered important matters concerning the staff.

The Parent Bank's Annual Report and Accounts, together with the books of account for the period from January 1 to December 31, 1985, have been examined by the auditors, Treuarbeit Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Berlin/Frankfurt, and certified without qualification. The Supervisory Board has signified its agreement with the result of the audit. It has examined the Bank's Annual Accounts and Report, and the proposal of the Board of Managing Directors as to the appropriation of the distributable profit, and has found no cause for objection.

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

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

To replace Dr. E. h. Arno Paul Bäumer, who at his own wish retired from the Supervisory Board, the Annual General Meeting on May 15, 1985, appointed Dr. Uwe Haasen a member for the remainder of Dr. Bäumer's term. On March 20, 1986, Dr. Heinz Kriwet resigned from the Supervisory Board and was thereafter appointed a member of the Bank's Advisory Board; we are obliged to him for many years of solid cooperation on our Supervisory Board. Upon registration court nomination, Mr. Heinrich Weiss, Dipl.-Ing., has become a new member of the Supervisory Board as of March 21, 1986.

Düsseldorf, April 8, 1986

The Supervisory Board



Chairman

# Business Progress of Parent Bank, 1952-1985

	Total assets	Total lending	Capital and reserves	Savings deposits and savings bonds	Annual dividend	Total amount of dividends paid	Allocation to reserves from profit	Taxes paid	Staff <sup>1)</sup>	Branches
	DM bn	DM bn	DM m	DM m	%	DM m	DM m	DM m		
1-1-1952	1.6	1.3	55	75	–	–	–	–	4,812	108
31-12-1952	1.9	1.6	73	115	6	3.1	17.6	12.5	5,297	109
31-12-1953	2.5	2.1	89	178	8.5	4.9	4.0	22.7	5,935	114
31-12-1954	3.2	2.5	101	324	9	5.8	6.2	20.7	6,651	139
<b>31-12-1955</b>	<b>3.7</b>	<b>3.0</b>	<b>152</b>	<b>387</b>	<b>10</b>	<b>8.1</b>	<b>15.7</b>	<b>32.9</b>	<b>7,160</b>	<b>149</b>
31-12-1956	4.4	3.2	179	382	12	12.6	17.0	33.7	7,401	155
31-12-1957	5.3	3.4	226	458	12	15.9	17.0	39.0	7,537	168
31-12-1958	5.6	3.5	253	587	14	21.0	17.0	35.1	7,690	185
31-12-1959	6.4	4.0	338	789	14+2	25.2	25.0	57.9	8,371	217
31-12-1960	6.9	4.5	360	930	16	28.8	22.0	62.1	9,465	266
31-12-1961	7.8	5.5	410	1,053	16	32.0	19.0	57.3	10,507	332
31-12-1962	8.7	5.6	420	1,257	16	32.0	10.0	48.1	10,657	372
31-12-1963	9.3	6.0	435	1,477	16	32.0	15.0	51.6	10,740	392
31-12-1964	9.8	6.6	500	1,720	16	36.0	20.0	54.8	11,021	402
<b>31-12-1965</b>	<b>10.3</b>	<b>6.9</b>	<b>520</b>	<b>2,154</b>	<b>16</b>	<b>36.0</b>	<b>20.0</b>	<b>54.0</b>	<b>11,402</b>	<b>436</b>
31-12-1966	11.0	7.4	540	2,649	16	36.0	20.0	55.2	12,076	461
31-12-1967	12.9	8.4	605	3,040	16	40.0	40.0 <sup>2)</sup>	55.3	12,760	550
31-12-1968	15.4	9.7	660	3,565	17	46.8	30.0 <sup>3)</sup>	59.8	13,409	636
31-12-1969	17.4	12.6	840	3,949	17+3	62.5	30.0	77.5	14,350	688
31-12-1970	19.7	13.8	850	4,182	17	59.5	10.0	47.1	15,441	719
31-12-1971	22.1	15.6	990	4,840	17	61.6	15.0	57.1	15,952	731
31-12-1972	25.6	17.4	1,115	5,444	17	68.0	15.0	58.9	16,161	737
31-12-1973	28.4	18.1	1,213	5,651	17	79.6	–	45.2	16,622	755
31-12-1974	31.4	20.1	1,364	6,487	17	79.6	30.0	71.9	16,585	765
<b>31-12-1975</b>	<b>38.5</b>	<b>22.3</b>	<b>1,548</b>	<b>8,005</b>	<b>18</b>	<b>95.5</b>	<b>50.0</b>	<b>129.6</b>	<b>17,328</b>	<b>782</b>
31-12-1976	42.1	25.6	1,781	8,964	18	109.3	50.0	95.8	17,729	790
31-12-1977	50.9	29.0	2,078	10,137	17*)	109.4	50.0	163.8	17,872	794
31-12-1978	60.6	37.5	2,129	11,097	17*)	123.4	50.0	164.0	18,404	795
31-12-1979	67.1	44.7	2,478	11,670	17*)	126.3	–	126.9	19,040	802
31-12-1980	64.7	45.5	2,478	11,793	–	–	–	38.3	19,023	805
31-12-1981	64.3	46.1	2,478	11,638	–	–	–	40.6	18,895	802
31-12-1982	66.2	47.1	2,528 <sup>4)</sup>	12,400	–	–	50.0 <sup>4)</sup>	109.3 <sup>4)</sup>	18,988	798
31-12-1983	66.9	46.1	2,578	12,984	12*)	101.2	50.0	178.4	19,368	796
31-12-1984	72.8	48.8	2,711	13,139	12*)	101.2	60.0	207.1	20,016	794
<b>31-12-1985</b>	<b>82.6</b>	<b>50.3</b>	<b>2,911<sup>5)</sup></b>	<b>13,872</b>	<b>16*)</b>	<b>142.0</b>	<b>60.0</b>	<b>233.2</b>	<b>21,204</b>	<b>793</b>

\*) not including income tax credit of  $\frac{9}{16}$  of dividend for shareholders with unlimited tax liability in West Germany;

<sup>1)</sup> calculated as full-time staff (from 1981 onwards calculated on the basis of hours actually worked per week);

<sup>2)</sup> including DM20.0m resulting from retransfer to assets side of furniture and equipment;

<sup>3)</sup> including DM 5.0m resulting from retransfer to assets side of furniture and equipment;

<sup>4)</sup> following AGM approval;

<sup>5)</sup> in addition, DM425m profit-sharing certificates outstanding.

# Parent Bank's Annual Accounts as at December 31, 1985

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Balance Sheet pages 50 and 51

Profit and Loss Account pages 52 and 53

# Balance Sheet as at December 31, 1985

Assets	DM	DM	DM	Dec 31, 1984 DM1,000
Cash on hand			303,345,271.87	276,368
Balance with Deutsche Bundesbank			2,539,652,273.96	3,682,066
Balances on postal giro accounts			19,076,192.00	13,044
Cheques, matured bonds, interest and dividend coupons, items received for collection			516,683,519.44	443,545
Bills of exchange			2,070,309,296.19	1,656,587
including: a) rediscountable at Deutsche Bundesbank	761,769,459.71			
b) own drawings	117,444,429.16			
Claims on banks				
a) payable on demand		3,791,101,525.13		3,587,665
b) with original periods or periods of notice of				
ba) less than three months		5,860,228,496.00		3,459,632
bb) at least three months, but less than four years		9,963,223,501.60		5,614,023
bc) four years or more		3,195,290,398.69		3,481,334
			22,809,843,921.42	16,142,654
Treasury bills and discountable Treasury notes, issued by				
a) the Federal and Länder Governments		1,365,553,700.34		1,029,276
b) others		348,230,717.43		225,262
			1,713,784,417.77	1,254,538
Bonds and notes				
a) with a life of up to four years, issued by				
aa) the Federal and Länder Governments	321,718,750.00			
ab) banks	520,025,445.74			
ac) others	453,897,807.49	1,295,642,003.23		592,338
including: eligible as collateral for Deutsche Bundesbank advances	DM 785,881,166.11			
b) with a life of more than four years, issued by				
ba) the Federal and Länder Governments	2,158,857,360.52			
bb) banks	2,485,302,560.75			
bc) others	1,047,009,885.11	5,691,169,806.38		4,567,154
including: eligible as collateral for Deutsche Bundesbank advances	DM 3,065,894,290.22		6,986,811,809.61	5,159,492
Securities not to be shown elsewhere				
a) shares marketable on a stock exchange and investment fund certificates		718,149,238.07		645,331
b) other		270,980,928.63		290,551
including: holdings of more than one-tenth of the shares of a joint stock or mining company, unless shown as investments	736,244,609.77		989,130,166.70	935,882
Claims on customers, with original periods or periods of notice of				
a) less than four years		23,909,383,949.08		23,941,477
b) four years or more		17,131,932,239.94		15,982,040
including: ba) secured by mortgages on real estate	4,473,267,515.66		41,041,316,189.02	39,923,517
bb) communal loans	3,384,225,834.76			
Recovery claims on Federal and Länder authorities under post-war currency reform acts			43,425,392.18	47,110
Loans on a trust basis at third party risk			45,737,699.96	33,712
Subsidiaries, associated companies, and trade investments (investments)			1,870,153,000.00	1,621,751
including: investments in banks	1,082,731,000.00			
Land and buildings			549,547,000.00	540,085
Office furniture and equipment			324,944,000.00	266,343
Bonds and notes issued by Commerzbank			90,126,878.21	61,674
nominal amount	85,145,000.00			
Other assets			484,154,317.26	468,795
Deferred items				
a) unamortized debt discount (difference according to Section 156 (3) of the German Stock Corporation Act-AktG)		153,497,393.14		172,194
b) other		55,332,950.33		59,216
			208,830,343.47	231,410
<b>Total Assets</b>			<b>82,606,871,689.06</b>	<b>72,758,573</b>
<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 related companies			1,840,825,341.75	1,190,866
b) claims arising from loans falling under Section 15 (1) 1-6 and (2) of the German Banking Act, unless included under a)			178,259,742.57	468,848

Liabilities and Shareholders' Equity	DM	DM	DM	Dec 31, 1984 DM1,000
<b>Liabilities to banks</b>				
a) payable on demand		5,405,651,594.83		3,178,951
b) with original periods or periods of notice of				
ba) less than three months	5,624,167,555.00			
bb) at least three months, but less than four years	4,721,489,977.50			
bc) four years or more including: due in less than four years	3,899,891,394.69	14,245,548,927.19		10,181,759
DM2,726,613,898.80				
c) customers' drawings on other banks		27,128,032.72		18,638
			19,678,328,554.74	13,379,348
<b>Liabilities to customers (customers' deposits)</b>				
a) payable on demand		12,594,957,866.92		10,328,801
b) with original periods or periods of notice of				
ba) less than three months	16,549,535,065.69			
bb) at least three months, but less than four years	5,148,168,945.65			
bc) four years or more including: due in less than four years	5,128,268,165.39	26,825,972,176.73		27,349,244
DM2,835,575,778.74				
c) savings deposits				
ca) subject to legal period of notice	8,200,224,964.93			10,633,895
cb) other	3,025,603,291.86	11,225,828,256.79		48,311,940
			50,646,758,300.44	
<b>Bonds and notes with a life of</b>				
a) up to four years		1,441,526,198.13		1,265,141
b) more than four years		4,011,370,983.52		3,649,606
including: maturing in less than four years			5,452,897,181.65	4,914,747
DM3,889,702,921.02				
<b>Acceptances and promissory notes outstanding</b>			1,425,830,225.70	1,472,147
<b>Loans on a trust basis at third party risk</b>			45,737,699.96	33,712
<b>Provisions</b>				
a) for pensions		825,220,000.00		767,033
b) other		613,644,000.00		684,825
			1,438,864,000.00	1,451,858
<b>Other liabilities</b>			89,848,774.03	73,315
<b>Deferred items</b>			325,366,151.59	303,528
<b>Profit-sharing certificates outstanding</b>			425,000,000.00	—
<b>Share capital</b> (unissued conditional capital, additionally authorized for conversion rights: DM282,925,750.00)			887,574,250.00	843,400
<b>Disclosed reserves</b>				
a) legal reserve		1,194,654,590.00		1,098,992
(allocation of premia	DM 95,662,650.00)			
b) other reserves, voluntary		829,000,000.00		769,000
(allocation from net income for 1985			2,023,654,590.00	1,867,992
DM 60,000,000.00)				
<b>Commerzbank Foundation</b>			5,343,830.95	5,378
<b>Distributable profit</b>			161,668,130.00	101,208
			82,606,871,689.06	72,758,573
<b>Endorsement liabilities on rediscounted bills of exchange</b>			2,167,549,589.96	2,054,431
<b>Contingent liabilities from guarantees, including guarantees for bills and cheques, and from indemnity agreements (see also page 41 of this report)</b>			9,650,453,867.00	9,066,682
<b>Savings premiums under the Savings Premium Act</b>			26,818,056.75	47,118
<b>Total Liabilities, together with contingent liabilities and other commitments shown below the line, include liabilities to related companies in the amount of</b>			3,809,502,650.48	2,746,954

# Profit and Loss Account for the Year ended December 31, 1985

Expenses	DM	DM	1984 DM1,000
Interest and similar expenses		3,658,534,754.44	4,010,700
Commissions and similar service charges paid		42,430,599.41	35,816
Write-downs of and adjustments to claims and securities, and additions to provisions for possible loan losses		393,373,891.24	263,950
Salaries and wages		1,064,471,782.66	971,375
Compulsory social security contributions		160,339,365.95	145,160
Expenses for pensions and other employee benefits		139,676,492.13	131,775
Other operating expenses		598,430,151.34	511,720
Depreciation on and adjustments to land and buildings, office furniture and equipment		96,676,716.25	81,348
Write-downs of and adjustments to investments (subsidiaries, associated companies, and trade investments)		62,751,142.41	11,665
<b>Taxes</b>			
a) on income and assets	225,086,331.87		205,324
b) other	8,102,688.08		1,813
		233,189,019.95	207,137
Other expenses		43,129,615.46	50,753
<b>Net income for the year</b>		221,668,130.00	161,208
		<b>Total Expenses</b>	<b>6,582,607</b>

	DM	DM	1984 DM1,000
<b>Net income for the year</b>		221,668,130.00	161,208
<b>Allocation to disclosed reserves from net income for the year</b>			
a) legal reserve	—		—
b) other reserves, voluntary	60,000,000.00		60,000
		60,000,000.00	60,000
<b>Distributable profit</b>		161,668,130.00	101,208



Income	DM	DM	1984 DM1,000
<b>Interest and similar income from lending and money market transactions</b>		5,068,695,331.57	5,336,651
<b>Current income from</b>			
a) fixed-interest securities and Government-inscribed debt	415,941,803.89		362,033
b) other securities	53,198,678.00		46,862
c) investments (subsidiaries, associated companies, and trade investments)	97,626,080.91		89,482
		566,766,562.80	498,377
<b>Commissions and other service charges received</b>		844,570,641.14	677,595
<b>Other income, including income from the writing back of provisions for possible loan losses</b>		221,835,405.87	58,905
<b>Income from profit-pooling and from partial or full profit-transfer agreements</b>		9,287,010.84	10,288
<b>Income from the writing back of provisions, unless it has to be shown under other income</b>		3,516,709.02	791
<b>Total Income</b>		6,714,671,661.24	6,582,607

Pension payments and payments to Beamtenversicherungsverein des Deutschen Bank- und Bankiergewerbes (a.G.), Berlin, were made during the year in the amount of DM74,523,319.17. For the next five years, we expect these payments to be equivalent to 106%, 115%, 124%, 132%, and 141% of that amount.

Düsseldorf, March 11, 1986

**COMMERZBANK**  
AKTIENGESELLSCHAFT

THE BOARD OF MANAGING DIRECTORS

Seipp Coenen Frowein Grundmann Hochheuser Knappertsbusch Kohlhausen  
Reimnitz Richolt Ruedorffer Spiegel Terrahe

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

Frankfurt, March 13, 1986

TREUARBEIT  
AKTIENGESELLSCHAFT

WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT · STEUERBERATUNGSGESELLSCHAFT

Windmüller  
Wirtschaftsprüfer  
(German public accountant)

Umlandt  
Wirtschaftsprüfer  
(German public accountant)

Assets	
Current Assets	
Cash	
Accounts Receivable	
Inventory	
Prepaid Expenses	
Fixed Assets	
Property, Plant & Equipment	
Intangible Assets	
Other Assets	
Liabilities	
Current Liabilities	
Accounts Payable	
Short-Term Debt	
Accrued Expenses	
Long-Term Liabilities	
Bonds Payable	
Mortgage Payable	
Other Long-Term Debt	
Other Liabilities	
Equity	
Common Stock	
Retained Earnings	
Other Equity	

# Consolidated Annual Report for the Year 1985

## Notes on the consolidated annual accounts

During the year under review, the Commerzbank Group achieved a fully satisfactory operating result. As in the preceding year, its greater part was used to cover individual risks attaching to both specific doubtful credits and problem countries. This left the consolidated income for the year almost one-third higher than in 1984 at DM346m—from which a total of DM175m will be allocated to the Group's reserves.

At end-1985, the Group's balance sheet total stood at DM137.2bn and its business volume—which, in addition, includes endorsement liabilities on rediscounted bills—at DM139.6bn. This represents increases of DM14.5bn, or 11.8%, and DM14.6bn, or 11.7%, respectively. While the Parent Bank, its mortgage lending arm, Rheinische Hypothekenbank, and Berliner Commerzbank contributed at about even rates to the rise in the Group's business volume, the foreign banking subsidiaries included in the consolidation together accounted for two-thirds of the overall growth rate recorded by the domestic banking members of the Group.

The latter'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 DM15.0bn, or 11.1%, to DM149.6bn.

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

### 1) Companies included in the consolidation

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

Atlas-Vermögensverwaltungs-Gesellschaft m.b.H., Düsseldorf Share capital DM100,000	100.00
Commercium Vermögensverwaltungs-GmbH, Hamburg Share capital DM50,000	100.00

Commerz- und Industrie-Leasing GmbH, Frankfurt Share capital DM 2,000,000 including: six holding subsidiaries, each with a share capital of DM50,000	100.00
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GERAP Grundbesitz- und Verwaltungsgesellschaft mbH, Frankfurt Share capital DM50,000	95.00
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Hamburgische Grundstücks-Gesellschaft m.b.H., Hamburg Share capital DM 50,000	100.00
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Immobilien- und Wohnungs-Gesellschaft mbH, Hamburg Share capital DM50,000	100.00
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L.I.A. Leasinggesellschaft für Immobilien und Anlagegüter mbH, Frankfurt Share capital DM1,000,000 including: nine private limited liability property holding subsidiaries, each with a share capital of DM50,000, and one property holding subsidiary with a liable equity of DM20,000	100.00
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Norddeutsche Immobilien- und Verwaltungs-GmbH, Hamburg Share capital DM50,000	100.00
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Companies with which no profit and loss transfer agreements existed:

Aussenhandel-Förderungs-gesellschaft mbH, Düsseldorf Share capital DM100,000	100.00
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Berliner Commerzbank Aktiengesellschaft, Berlin Share capital DM72,500,000	100.00
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Berliner Commerz Grundstücks- und Verwaltungsgesellschaft mbH, Berlin Share capital DM100,000	100.00
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CB Finance Company B.V., Amsterdam Share capital Dfl1,000,000	100.00	Westboden-Bau- und Verwaltungsgesellschaft mbH, Frankfurt Share capital DM100,000	94.68
Commerzbank Overseas Finance N.V., Curaçao Share capital US\$100,000	100.00	<u>2) Companies not included in the consolidation under Section 329 of the German Stock Corporation Act (AktG)</u>	
Commerzbank US Finance, Inc., Delaware, Share capital US\$10,000	100.00	Foreign companies:	
Commerzbank Fonds- Verwaltungsgesellschaft mit beschränkter Haftung (Cofo), Düsseldorf Share capital DM2,000,000	100.00	Handelsgest S.A.R.L., Luxembourg Share capital DM10,000,000	100.00
Commerzbank International S.A., Luxembourg Share capital DM125,000,000	100.00	Indugest S.A.R.L., Luxembourg Share capital DM25,000,000	100.00
Commerzbank (Nederland) N.V., Amsterdam Share capital Dfl40,000,000	100.00	Companies of minor significance:  Neuma Vermögensverwaltungs- gesellschaft mbH, Frankfurt Share capital DM50,000	100.00
Commerzbank (South East Asia) Ltd., Singapore Share capital S\$30,000,000	100.00	<u>3) Related companies not under the Group's sole managerial control</u>	
Commerzbank (Switzerland) Ltd, Zurich Share capital Sfr25,000,000	100.00	Flender Werft Aktiengesellschaft, Lübeck Share capital DM25,000,000	68.90
Commerz-Credit-Bank Aktiengesellschaft Europartner, Saarbrücken Share capital DM14,000,000	65.00	<u>Re 1): Companies included in the consolidation</u>	
Commerz- und Industrie- Leasing Berlin GmbH, Berlin Share capital DM500,000	100.00	The legal and business relations with consoli- dated companies are discussed below in the order of the latter's importance to the Group:	
von der Heydt-Kersten & Söhne, Wuppertal-Elberfeld Liable equity DM10,000,000	100.00	Rheinische Hypothekenbank, Aktiengesellschaft, Frankfurt	
Ilseder Bank, Sandow & Co., Peine Liable equity DM2,000,000	100.00	This leading German mortgage bank, in which Commerzbank holds an unchanged share of al- most 95%, is involved in the provision of mort- gage loans, in lending to local governments and authorities, and also in borrowing to fund these operations. In all of this, cooperation with Commerzbank is close.	
C. Portmann, Frankfurt Liable equity DM1,500,000	100.00	During the year under review, the bank's total assets reached DM31.1bn, after DM28.0bn in the preceding year. With the share capital un- changed, a likewise unchanged per share divi- dend payment of DM10 will result in a total dis- tribution of DM17.1m. Subject to approval by the AGM, the bank's reserves will be raised by an allocation of altogether DM50m, compared with DM40m the year before.	
Rheinische Hypothekenbank Aktiengesellschaft, Frankfurt Share capital DM85,305,000	94.68		

## Commerzbank International S.A., Luxembourg

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

The bank's balance sheet total was expanded by 10.7% to DM16.7bn during the year under review. Following a DM10m allocation to reserves from the previous year's distributable profit, the liable equity amounted to DM323.4m. To replace an amount outstanding of US\$60m of subordinated certificates of deposit issued by the bank, the latter at the end of 1985 took up a subordinated US dollar loan of the same order with us.

From the bank's once again increased operating result, loan risks were provided for to an extent markedly exceeding that of the previous year. Shareholders will be asked to approve that the remaining DM26m net income for the year as shown in the 1985 accounts, together with a DM4m profit brought forward, be allocated to reserves.

## Berliner Commerzbank Aktiengesellschaft, Berlin

Our Berlin subsidiary also managed further to improve the already very satisfactory result it had achieved in 1984. After substantially providing for all possible loan losses, an unchanged total of DM25m will be allocated to reserves subject to approval by both the bank's board of administration and its AGM. The dividend is to be raised from 16% to 18% per share.

During the year under review, the total assets of

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

went up by one-fifth to S\$2.0bn, the equivalent of which was an unchanged DM2.4bn, though. From the bank's net income for the year—up from S\$8.8m to S\$12.8m—an amount of S\$4.0m will be allocated to reserves, and a dividend of 30% will be paid. The bank's liable equity will then stand at S\$50.8m, or DM59.5m.

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

closed the 1985 business year with a balance sheet total of Dfl1,234m, as against Dfl1,230m at end-1984. Profit before risk provision and taxes at Dfl13.7m was up one-quarter on the

previous year's figure of Dfl10.9m. Of this amount, Dfl9m was used to provide for possible loan losses in the bank's international business. From the net income for the year remaining after income tax, all but a minor amount carried forward to new account will be used to strengthen the bank's reserves by an allocation of Dfl3.8m, raising them to Dfl20.5m. While the bank's share capital stands unchanged at Dfl40m, its liable equity basis was reinforced by raising a subordinated loan granted by us to Dfl45m, from Dfl15m the year before.

The progress of business of these five banks is more fully discussed on pages 70 to 79.

The balance sheet total of

Commerz-Credit-Bank Aktiengesellschaft  
Europartner, Saarbrücken,

is shown almost unchanged at DM1,276m. From the net income for the year remaining after all discernible risks have been provided for as necessary, a total of DM2m will be allocated to reserves subject to approval by both the bank's board of administration and its AGM, and a dividend that was raised from 10% to 12% will be paid on the unchanged share capital of DM14m.

## Commerzbank (Switzerland) Ltd, Zurich,

was set up in the year under review. Endowed with a share capital of Sfr25m, the bank successfully built a sizeable customer base in its first partial year of operation. Its services include asset management and investment counselling as well as dealing in securities, foreign exchange, and precious metals. The bank has also become active in new issues business in the Swiss market.

The balance sheet total at the end of the first partial business year amounted to Sfr206m. The operating result, although exceeding our expectations, was not fully sufficient to cover the cost of both setting up and starting up the company, so that a net loss for the year of Sfr1.5m had to be carried forward on new account.

CB Finance Company B.V.,  
Amsterdam,

and

Commerzbank Overseas Finance N.V.,  
Curaçao,

serve us as financing arms for the raising of funds in the Euromarket and other foreign capital markets. At the closing date, these two companies had launched bonds and notes equivalent to altogether DM3.6bn, proceeds from which were deposited with both the Parent Bank and the Luxembourg subsidiary, Commerzbank International. By ceding to fiduciary trustees the claims arising to them from the funds passed on, the financing companies provided the creditors of some of the issues with collateral. In the case of the other issues, the recipient Group companies acted as guarantors.

Endowed with a share capital of US\$10,000,

Commerzbank US Finance Inc., Delaware,

was set up in the U.S. at the end of 1985. Through the issue of commercial paper the company, which became operative in January 1986, is enhancing our funding possibilities in the US capital markets.

The operations of the two limited partnerships

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

and

Ilseder Bank, Sandow & Co., Peine,

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

The bank of

C. Portmann, Frankfurt,

confines its activities to the administration of its own assets.

Commerz- und Industrie-Leasing GmbH,  
Frankfurt,

and

Commerz- und Industrie-Leasing Berlin GmbH,  
Berlin,

who are engaged in the leasing of moveable goods, strongly boosted their business after two rather flat years. Their profits, although not

keeping up with this good general performance, were held to be satisfactory by the shareholders of both institutions, namely ourselves and Berliner Commerzbank Aktiengesellschaft, to whom they were transferred.

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

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

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

Finally, mention must also be made of

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

This is an investment company which, in addition to administering "Cofonds", an open-ended fund offered to the general public, acts as a management company for 77 closed-end special-purpose investment funds whose total assets amounted to DM4.5bn at the balance sheet date.

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

Re 2): Companies  
not included in the consolidation

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

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

Flender Werft Aktiengesellschaft, Lübeck,

managed to keep its shipyards employed in the year under review through newbuildings of high-quality container vessels, ship repair and other work. Yet a 1985 loss for the year of DM1.5m must be anticipated. Through another container ship newbuilding, and by obtaining three ship rebuilding orders, work has been secured to keep capacity used over the first half of the current year. In keeping with the trend towards operating larger ferryboats in Baltic Sea traffic, but also to enlarge its own docking capacity for rebuildings, the company will in 1986 construct a floating dock with a 15,000 tonne lifting capability to meet its in-house needs.

Yet future developments must, as in the past, be viewed with considerable scepticism—despite the fact that the company has improved its competitive position, thanks to the completion of the measures effected over the past years to increase its productivity and to cut overheads. But the worldwide imbalance between demand for vessels and available shipyard capacity continues unabated, while the pressure on German shipbuilders from both their competitors in the Far East and in other countries—which rival each other in terms of subsidies—is as strong as before. In the foreseeable future, therefore, the market situation can hardly be expected to become relaxed to any noticeable degree.

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

Principles of consolidation

Commerzbank's consolidated annual accounts as at December 31, 1985 were drawn up in accordance with the format for the presentation of annual accounts of German banks as laid down by a regulation of December 20, 1967. Having included a mortgage bank in the consolidation, we use an amplified version of the standard format to present our balance sheet.

For all companies included in the consolidation, the financial years coincide with the calendar

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

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

Inter-company 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 inter-company book gains that occurred over the year.

Investment income from consolidated companies received in 1985 in respect of 1984, as well as profits carried forward by Group members, have been included in the profit brought forward, while tax credits received have been deducted from investment income and from the Group's tax expenditure. The profit brought forward was reduced due to the elimination of inter-company profits from the consolidation in previous years.

Consolidated balance sheet total

At DM137,224m, the consolidated balance sheet total was DM14,537m up on the preceding year's figure, exceeding the total assets of the Parent Bank, Commerzbank Aktiengesellschaft, by DM54,617m (1984: DM49,928m).

Commerzbank Aktiengesellschaft accounts for 57% of the assets entering into the Group's balance sheet total before elimination of inter-company balances, as compared with 56.6% in the previous year, and the consolidated commercial banks for 18.5% (19% in 1984). A further 21.5% relates to the mortgage lending subsidiary, Rheinische Hypothekenbank, and 3% to other companies.

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

Assets		Liabilities	
in DM m		in DM m	
Cash reserves, cheques, and collection items	- 998	Liabilities to banks	+6,758
Bills of exchange	+ 422	a) demand	(+2,040)
Claims on banks	+9,479	b) time	(+4,718)
a) demand	(+ 331)	Customers' deposits	+2,945
b) time	(+9,148)	a) demand	(+2,572)
Treasury bills	+ 372	b) time	(- 282)
Bonds, notes, other securities (incl. issued by Group members)	+3,133	c) savings deposits	(+ 655)
Loans and advances to customers	+1,819	Bonds outstanding	+3,852
a) less than four years	(- 35)	Acceptances outstanding	- 8
b) four years or more	(+1,854)	Provisions	+ 40
Investments	+ 187	Profit-sharing certificates outstanding	+ 425
Land and buildings, office furniture and equipment, including leasing equipment	+ 153	Capital and reserves	+ 200
Sundries (including loans on a trust basis)	- 30	Reserve arising from consolidation, in accordance with Section 331 (1) 3 of the German Stock Corporation Act (AktG)	+ 70
		Minority interests	- 1
		Consolidated profit	+ 89
		Sundries (including loans on a trust basis)	+ 167
	+14,537		+14,537

## Assets

### Liquidity

At the end of 1985, the Group's cash reserves—consisting of cash on hand and balances with the Deutsche Bundesbank and on postal giro accounts—stood at DM3,209m, representing 3.6% of the consolidated sum total of liabilities to banks and other creditors at periods of up to four years, including all savings deposits, and indebtedness from bonds and acceptances outstanding at similar maturities of an aggregate amount of DM90,080m. The Group's liquid funds—cash reserves, cheques, matured bonds, interest and dividend coupons, collection items, bills rediscountable at the Deutsche Bundesbank, claims on banks with periods of less than three months, Treasury bills, discountable Treasury notes, and fixed-interest securities issued by Group members and others eligible as collateral for Deutsche Bundesbank advances—totalled DM25,139m, or 27.9% of the above-borrowed funds with a life of up to four years.

### Treasury notes, other securities

Securities holdings within the Group were raised by DM3,134m to DM11,750m. The overall volume of Treasury bills and discountable Treasury notes was increased by DM372m to DM2,038m. A DM3,040m rise is shown for bonds and notes held by the Group, including those issued by consolidated companies. Bonds and notes of non-Group issuers were up by DM2,589m, DM1,923m of these being bonds with an original life of more than four years. Included in the consolidated balance sheet are DM980m of paper issued by Group members, compared with DM529m in the preceding year.

Holdings of other securities rose by DM94m to DM1,024m.

### Lending

The Group expanded its lending to other banks and to customers (excluding both loans on a trust basis and guarantees) by DM4,031m to DM94,364m in 1985. This represents a rise of 4.5%, as against 6.8% in 1984. With the Parent Bank's loan volume up by 2.9%, the higher fig-



ure for the Group otherwise relates mainly to the stepped-up credit business of the mortgage lending and the domestic commercial banking subsidiaries. The foreign commercial bank members of the Group saw the DM equivalent of their aggregate lending shrink owing to the decline in value of the foreign currency loans on their books as the dollar weakened. Short-term

deposits with other banks were increased from DM16.3bn to DM24.1bn; such interbank transactions are not considered to be part of our lending operations.

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

Lending	Year-end, 1985		Year-end, 1984		Change	
	DM m	%	DM m	%	DM m	%
Loans to customers						
a) short and medium-term	29,020	30.8	29,055	32.2	- 35	- 0.1
b) long-term (four years or more)	23,217	24.6	23,059	25.5	+ 158	+ 0.7
Sub-total	52,237	55.4	52,114	57.7	+ 123	+ 0.2
Long-term mortgage and communal loans of mortgage bank subsidiary	27,397	29.0	24,724	27.4	+2,673	+10.8
Bills discounted	4,535	4.8	4,064	4.5	+ 471	+11.6
Claims on banks						
a) short and medium-term	4,739	5.0	4,055	4.5	+ 684	+16.9
b) long-term (four years or more)	5,456	5.8	5,376	5.9	+ 80	+ 1.5
Sub-total	10,195	10.8	9,431	10.4	+ 764	+ 8.1
Total lending	94,364	100.0	90,333	100.0	+4,031	+ 4.5

Excluding lending by the mortgage bank subsidiary, credits to customers remained more or less unchanged on the previous year at DM52.2bn for the Group as a whole, with advances at short and medium-term also about the same at DM29.0bn. Long-term loans were slightly up, reaching DM23.2bn. Abandoning the prevailing tendency of the preceding years, we increased the volume of bills discounted, by 11.6% to DM4.5bn.

By raising its overall longer-term lending to DM27.4bn, our mortgage bank subsidiary, Rheinische Hypothekenbank, markedly accelerated the rate of growth achieved. The gain amounted to DM2.7bn and was about evenly accounted for by mortgage loans and by credits to local governments and authorities.

Interbank lending at Group level was expanded by 8.1% to DM10.2bn, with 90% of the rise being made up by short and medium-term loans.

Overall, there was only a slight fall—to 30.4%—in the share of longer-term credits by the com-

mercial banks within the Group in the latter's total lending. With the proportion of—likewise longer-term—mortgage loans having gone up to 29%, that of short and medium-term advances (including bills discounted) amounted to 40.6% at the balance sheet date, down from 41.2% at end-1984.

#### Fixed assets

After elimination of holdings in consolidated companies, the Group's fixed assets stand at DM2,582m (DM2,242m in 1984). These comprise: holdings in unconsolidated companies (investments) of DM979m, land and buildings at DM698m, office furniture and equipment at DM358m, and leasing equipment at DM547m. Changes of some significance that occurred with investments were, on the one hand, due to the Parent Bank's acquiring stakes in two holding companies, one with an interest of more than 25% in the share capital of Thyssen Aktiengesellschaft of Duisburg and the other with a majority holding in Kempinski Aktiengesellschaft of Berlin. On the other, write-downs on

the book value of holdings we have in two foreign banks and one domestic credit institution tended to reduce the aggregate amount of our investments.

### Liabilities and shareholders' equity

#### Total deposits and borrowed funds

In 1985, the Group's total deposits and borrowed funds increased by DM13,547m to DM130,730m. At year-end, they were made up as follows:

Borrowed funds						
	Year-end, 1985		Year-end, 1984		Change	
	DM m	%	DM m	%	DM m	%
Liabilities to banks						
a) demand deposits	5,288	4.0	3,248	2.8	+ 2,040	+ 62.8
b) time deposits	31,344	24.0	26,626	22.7	+ 4,718	+ 17.7
Sub-total	36,632	28.0	29,874	25.5	+ 6,758	+ 22.6
Customers' deposits						
a) demand deposits	13,837	10.6	11,265	9.6	+ 2,572	+ 22.8
b) time deposits	28,678	21.9	28,960	24.7	- 282	- 1.0
c) savings deposits	12,318	9.4	11,663	10.0	+ 655	+ 5.6
Sub-total	54,833	41.9	51,888	44.3	+ 2,945	+ 5.7
Acceptances outstanding	1,491	1.2	1,499	1.3	- 8	- 0.5
Bonds issued						
by commercial banks within Group	10,109	7.7	8,712	7.4	+ 1,397	+ 16.0
Bonds issued						
by mortgage bank subsidiary	27,665	21.2	25,210	21.5	+ 2,455	+ 9.7
Sub-total	37,774	28.9	33,922	28.9	+ 3,852	+ 11.4
Total deposits and borrowed funds	130,730	100.0	117,183	100.0	+ 13,547	+ 11.6

Borrowings from other banks were raised from 25.5% to 28% of the above total. With the share of the Group's own bonds outstanding unchanged at 28.9%, that of customer deposits fell to 41.9%. Interbank borrowings rose by DM6.8bn, or 22.6%, to DM36.6bn, and the aggregate funds deposited by customers went up by DM2.9bn, or 5.7%, to DM54.8bn. This entailed notable shifts in the composition of the funds we borrowed: while the volume of low-interest sight and savings deposits showed further growth, time deposits could be slightly reduced. The volume of bonds outstanding issued by members of the Group was expanded by DM3.9bn to DM37.8bn, with DM27.7bn of this amount being accounted for by paper of the mortgage bank subsidiary, for the most part mortgage bonds (DM10.2bn) and communal bonds (DM15.1bn).

#### Other liabilities

After additions of DM40m, provisions reached DM1,575m.

Actuarially computed provisions for pensions rose by DM63m to DM921m.

Provisions for other purposes, which are shown at DM653m, relate in the main to taxes, to possible loan losses, to year-end bonuses only payable in 1986, and to such pension commitments as can be expected to fall due in the future, on the basis of the normal entry-age method, in the case of employees opting for early retirement under a scheme collectively agreed in 1984. They also concern those portions of the global allowances for recourse claims which are to cover risks attaching to guarantees not given accounting recognition, so that these allowances could not be set off against any of the asset items.

Capital and reserves

The Parent Bank's total equity capital increased to DM3,336m. It was reinforced by DM425m through the issue of profit-sharing certificates pursuant to Section 10 of the German Banking Act (KWG). Also during the year under review, the share capital was increased by DM44m and the legal reserve by DM96m following both the exercising of share option rights from warrants and the subscription of shares issued to our staff. A further—unchanged—DM60m was allocated to reserves from the consolidated net income for the year.

The consolidation difference as defined in Section 331(1)3 of the German Stock Corporation Act (AktG)—i.e. the excess of the book value of the consolidated subsidiaries' equity over the book value of the Parent Bank's investments therein—which is regarded as quasi-equity, rose by DM70m to DM425m in the year under review. Much of the rise resulted from allocations to reserves by subsidiary banks.

Including a total of DM52m of further allocations to the Group's reserves subject to approval by the AGMs of consolidated subsidiaries, and also including minority shareholder's interests (the latter without the attributable share of profits), the Group's equity capital—as defined in Section 10 of the German Banking Act (KWG)—at year-end stood at DM3,860m, as against DM3,143m in 1984.

Contingent liabilities and commitments, collateral and other security pledges

Commitments for uncalled payments on shares in stock corporations (AG) and private limited liability companies (GmbH), issued but not fully paid, amounted to DM32m at the balance sheet date, while similar liabilities for shares in cooperatives were DM1m. Group members may, under Section 24 of the German Private Limited Liability Companies Act (GmbHG), also be held responsible for possible defaults on such calls by other shareholders. Our holding an interest in Liquiditäts-Konsortialbank GmbH may attract a liability for the payment of assessments up to an amount of DM36m, the calling of which is, however, conditional on the passing of an appropriate resolution by the institution's shareholders. Moreover, some Group members are jointly and severally liable for the assessments payable by other members of their banking associations up to an amount of DM243m.

On the balance sheet date, DM2,901m of the Group's securities holdings were pledged as collateral in short-term fund-raising operations, especially under repurchase agreements with the Deutsche Bundesbank. Being used to provide such security as is legally required in some countries, a further DM536m of the Group's assets were tied by liens held.

**Consolidated profit and loss account**Net income

Interest and similar income from lending and from money market transactions and current income from securities, Government-inscribed debt, and investments as shown in the consolidated balance sheet decreased by DM123m to DM9,836m. With interest expenditure markedly down by DM352m to DM7,267m, however, the Group's net interest and dividend earnings rose to DM2,569m. This was DM229m, or 9.8%, up on the previous year, exceeding current personnel and other operating expenses by DM398m, or 18.3%. The respective figures for 1984 were DM391m, or 20.1%.

The excess of commissions earned over commissions paid in respect of services went up by DM168m, or 25.1%, to DM837m.

For the first time, income from leased equipment is shown as an individual item in the consolidated profit and loss account at DM210m. The comparable figure for the previous year—then included in other income—was DM204m.

After balancing other income, the income from the writing back of provisions and of the special item with partial reserve character against write-downs of and adjustments to claims and securities (including those relating to investments as shown in the Group's balance sheet), there was a net shortfall of DM447m, compared with one of DM410m the year before.

Expenditure

The Group's overall personnel expenditure was DM1,517m, while other operating expenses totalled DM654m. The rise in these costs was thus DM222m, or 11.4%, as against DM138m, or 7.6%, in 1984. Depreciation on and adjustments to land and buildings, office furniture and equipment were charged at DM110m (1984: DM91m). There was a DM162m write-down on leasing equipment; this compares with DM146m the year before when the item was still included in other expenses.

Group taxation totalled DM322m, as against DM275m in the preceding year. This amount includes DM313m for taxes on income and assets, compared with DM273m in 1984.

Consolidated net income for the year and consolidated profit

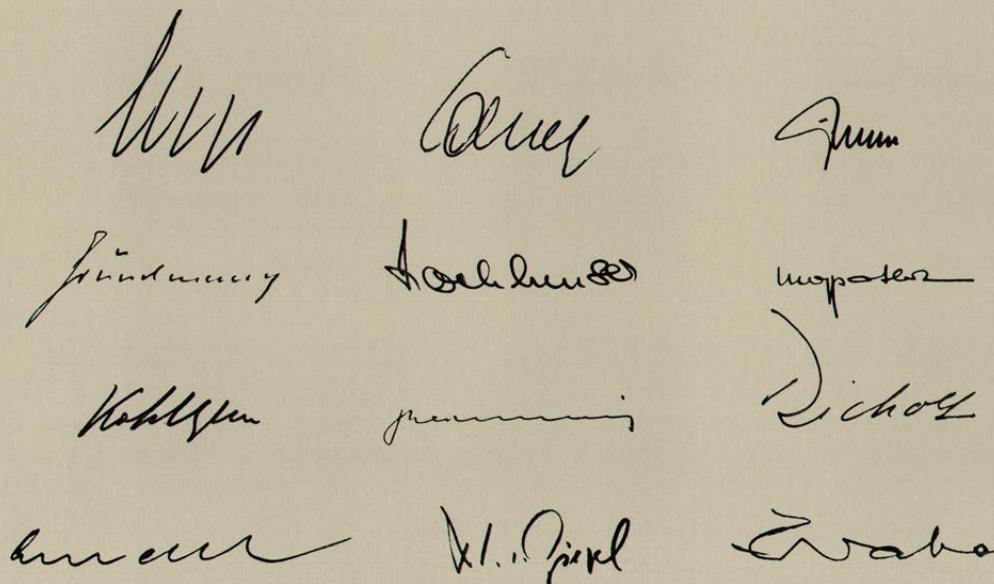
The Group's net income for the year rose from DM263m to DM346m, and the profit brought forward from the previous year was DM6m. The former will be used to allocate DM60m to the reserves of the Parent Bank and DM63m to those of consolidated companies. The amount of the profit accruing to minority shareholders is DM2m. The remaining consolidated profit thus amounts to DM227m. Subject to approval by the AGMs of four consolidated companies, a

further DM52m is to be allocated to the latter's reserves from undistributed profits.

In the current year, we expect ordinary business again to generate a satisfactory operating result for the Commerzbank Group. Whether own-account dealings will remain as profitable as in the year under review will depend on future developments in both the securities and foreign exchange markets. Given the fine performance of the German economy, we expect a reduction of risks in the Group's domestic credit business, whereas in its international lending, country risks will hardly diminish as yet. The slump in world energy prices will affect the assessment of loan engagements in oil-producing development countries.

THE BOARD OF MANAGING DIRECTORS

Düsseldorf, March 11, 1986



The image shows a grid of handwritten signatures in cursive script, arranged in four rows and three columns. The signatures are: Row 1: [Signature 1], [Signature 2], [Signature 3]; Row 2: [Signature 4], [Signature 5], [Signature 6]; Row 3: [Signature 7], [Signature 8], [Signature 9]; Row 4: [Signature 10], [Signature 11], [Signature 12].

# Consolidated Balance Sheet asat December 31, 1985

Assets	DM	DM	DM	Dec 31, 1984 DM1,000
Cash on hand			353,961,930.11	328,079
Balance with Deutsche Bundesbank			2,826,624,355.42	3,930,444
Balances on postal giro accounts			28,140,928.10	19,050
Cheques, matured bonds, interest and dividend coupons, items received for collection			553,468,914.40	482,979
Bills of exchange			2,188,294,899.58	1,766,197
including: a) rediscountable at Deutsche Bundesbank	792,921,406.67			
b) own drawings	158,678,581.33			
Claims on banks				
a) payable on demand		3,805,636,731.95		3,474,334
b) with original periods or periods of notice of				
ba) less than three months		8,626,929,669.58		4,819,119
bb) at least three months, but less than four years		15,779,379,147.74		10,949,582
bc) four years or more		9,267,206,210.27		8,757,057
			37,479,151,759.54	28,000,092
Treasury bills and discountable Treasury notes, issued by				
a) the Federal and Länder Governments		1,689,726,436.45		1,440,381
b) others		348,230,717.43		225,262
			2,037,957,153.88	1,665,643
Bonds and notes				
a) with a life of up to four years, issued by				
aa) the Federal and Länder Governments	479,475,187.48			
ab) banks	1,469,129,874.95			
ac) others	543,912,927.71	2,492,517,990.14		1,826,651
including: eligible as collateral for Deutsche Bundesbank advances	DM1,819,115,226.16			
b) with a life of more than four years, issued by				
ba) the Federal and Länder Governments	2,597,623,279.93			
bb) banks	3,106,041,442.64			
bc) others	1,549,664,576.99	7,253,329,299.56		5,329,884
including: eligible as collateral for Deutsche Bundesbank advances	DM3,618,692,821.37		9,745,847,289.70	7,156,535
Securities not to be shown elsewhere				
a) shares marketable on a stock exchange and investment fund certificates		754,898,603.53		649,407
b) other		269,295,386.06		280,952
including: holdings of more than one-tenth of the shares of a joint stock or mining company, unless shown as investments			1,024,193,989.59	930,359
			736,244,609.77	
Claims on customers, with original periods or periods of notice of				
a) less than four years		29,020,310,676.71		29,054,628
b) four years or more		47,401,918,721.73		45,548,111
including: ba) secured by mortgages on real estate	15,692,191,454.67		76,422,229,398.44	74,602,739
bb) communal loans	15,491,529,418.54			
Recovery claims on Federal and Länder authorities under post-war currency reform acts			62,954,444.14	67,955
Loans granted and shares held on a trust basis at third party risk			138,263,630.86	126,133
Subsidiaries, associated companies, and trade investments (investments) including: investments in banks		173,336,605.59	979,302,219.64	792,782
Land and buildings			697,771,776.06	644,079
Office furniture and equipment			357,653,286.32	287,786
Leasing equipment			547,115,888.99	517,397
Bonds and notes issued by consolidated companies			980,249,477.52	529,496
nominal amount	976,293,348.60			
including: eligible as collateral for Deutsche Bundesbank advances	675,626,087.56			
Other assets			537,852,023.86	527,169
Deferred items				
a) unamortized debt discount (difference according to Section 156 (3) of the German Stock Corporation Act-AktG)		189,845,991.98		202,803
b) other		73,537,706.66		109,098
			263,383,698.64	311,901
<b>Total Assets</b>			<b>137,224,417,064.79</b>	<b>122,686,815</b>
<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 related companies			246,720,765.34	176,127
b) claims arising from loans falling under Section 15 (1) 1-6 and (2) of the German Banking Act, unless included under a)			225,165,677.27	580,269

# Consolidated Balance Sheet as at December 31, 1985

Assets	DM	DM	DM	Dec 31, 1984 DM1,000
Cash on hand			353,961,930.11	328,079
Balance with Deutsche Bundesbank			2,826,624,355.42	3,930,444
Balances on postal giro accounts			28,140,928.10	19,050
Cheques, matured bonds, interest and dividend coupons, items received for collection			553,468,914.40	482,979
Bills of exchange			2,188,294,899.58	1,766,197
including: a) rediscountable at Deutsche Bundesbank	792,921,406.67			
b) own drawings	158,678,581.33			
Claims on banks				
a) payable on demand		3,805,636,731.95		3,474,334
b) with original periods or periods of notice of				
ba) less than three months		8,626,929,669.58		4,819,119
bb) at least three months, but less than four years		15,779,379,147.74		10,949,582
bc) four years or more		9,267,206,210.27		8,757,057
			37,479,151,759.54	28,000,092
Treasury bills and discountable Treasury notes, issued by				
a) the Federal and Länder Governments		1,689,726,436.45		1,440,381
b) others		348,230,717.43		225,262
			2,037,957,153.88	1,665,643
Bonds and notes				
a) with a life of up to four years, issued by				
aa) the Federal and Länder Governments	479,475,187.48			
ab) banks	1,469,129,874.95			
ac) others	543,912,927.71	2,492,517,990.14		1,826,651
including: eligible as collateral for Deutsche Bundesbank advances			DM1,819,115,226.16	
b) with a life of more than four years, issued by				
ba) the Federal and Länder Governments	2,597,623,279.93			
bb) banks	3,106,041,442.64			
bc) others	1,549,664,576.99	7,253,329,299.56		5,329,884
including: eligible as collateral for Deutsche Bundesbank advances			DM3,618,692,821.37	
			9,745,847,289.70	7,156,535
Securities not to be shown elsewhere				
a) shares marketable on a stock exchange and investment fund certificates		754,898,603.53		649,407
b) other		269,295,386.06		280,952
including: holdings of more than one-tenth of the shares of a joint stock or mining company, unless shown as investments			1,024,193,989.59	930,359
			736,244,609.77	
Claims on customers, with original periods or periods of notice of				
a) less than four years		29,020,310,676.71		29,054,628
b) four years or more		47,401,918,721.73		45,548,111
including: ba) secured by mortgages on real estate	15,692,191,454.67		76,422,229,398.44	74,602,739
bb) communal loans	15,491,529,418.54			
Recovery claims on Federal and Länder authorities under post-war currency reform acts			62,954,444.14	67,955
Loans granted and shares held on a trust basis at third party risk			138,263,630.86	126,133
Subsidiaries, associated companies, and trade investments (investments) including: investments in banks		173,336,605.59	979,302,219.64	792,782
Land and buildings			697,771,776.06	644,079
Office furniture and equipment			357,653,286.32	287,786
Leasing equipment			547,115,888.99	517,397
Bonds and notes issued by consolidated companies			980,249,477.52	529,496
nominal amount	976,293,348.60			
including: eligible as collateral for Deutsche Bundesbank advances	675,626,087.56			
Other assets			537,852,023.86	527,169
Deferred items				
a) unamortized debt discount (difference according to Section 156 (3) of the German Stock Corporation Act-AktG)		189,845,991.98		202,803
b) other		73,537,706.66		109,098
			263,383,698.64	311,901
		<b>Total Assets</b>	<b>137,224,417,064.79</b>	<b>122,686,815</b>
<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 related companies			246,720,765.34	176,127
b) claims arising from loans falling under Section 15 (1) 1-6 and (2) of the German Banking Act, unless included under a)			225,165,677.27	580,269

<b>Liabilities and Shareholders' Equity</b>				Dec 31, 1984
	DM	DM	DM	DM1,000
<b>Liabilities to banks</b>				
a) payable on demand		5,288,574,983.15		3,247,654
b) with original periods or periods of notice of				
ba) less than three months	11,658,426,438.67			
bb) at least three months, but less than four years	13,886,493,068.30			
bc) four years or more	5,782,986,153.45	31,327,905,660.42		26,626,384
including: due in				
less than four years	DM2,791,811,752.54			
c) customers' drawings on other banks		15,745,613.76		236
			36,632,226,257.33	29,874,274
<b>Liabilities to customers (customers' deposits)</b>				
a) payable on demand		13,836,428,611.70		11,264,616
b) with original periods or periods of notice of				
ba) less than three months	18,794,027,589.98			
bb) at least three months, but less than four years	6,118,274,710.87			
bc) four years or more	3,765,707,547.56	28,678,009,848.41		28,959,640
including: due in				
less than four years	DM2,648,807,450.75			
c) savings deposits				
ca) subject to legal period of notice	9,092,369,138.90			
cb) other	3,225,600,751.00	12,317,969,889.90		11,663,606
			54,832,408,350.01	51,887,862
<b>Bonds and notes with a life of</b>				
a) up to four years		6,672,851,301.22		5,821,083
b) more than four years		31,101,334,507.94		28,101,372
including: maturing in				
less than four years	DM17,628,547,987.67			
Registered bonds issued by mortgage bank subsidiary	DM7,391,935,786.04			
			37,774,185,809.16	33,922,455
<b>Acceptances and promissory notes outstanding</b>			1,491,035,151.15	1,498,548
<b>Loans granted and shares held on a trust basis at third party risk</b>			138,263,630.86	126,133
<b>Provisions</b>				
a) for pensions		921,495,511.65		858,335
b) other		653,350,534.36		676,921
			1,574,846,046.01	1,535,256
<b>Other liabilities</b>			249,911,905.93	109,140
<b>Deferred items</b>				
a) in accordance with Section 25 of the Mortgage Bank Act-HBG		91,390,395.11		96,721
b) other		393,554,660.25		372,041
			484,945,055.36	468,762
<b>Special item with partial reserve character</b>				
subject to future taxation (in accordance with Section 52 (5) of the German Income Tax Act-ESTG and Section 31 (3) of the Berlin Promotion Act-BerlinFG)			2,727,242.35	3,068
<b>Profit-sharing certificates outstanding</b>			425,000,000.00	—
<b>Share capital</b> (unissued conditional capital additionally authorized for conversion rights: DM282,925,750.00)			887,574,250.00	843,400
<b>Disclosed reserves</b>				
a) legal reserve		1,194,654,590.00		1,098,992
b) other reserves, voluntary		829,000,000.00		769,000
			2,023,654,590.00	1,867,992
<b>Reserve arising from consolidation</b> in accordance with Section 331 (1) 3 of the German Stock Corporation Act-AktG (excess of book value of consolidated subsidiaries' equity over book value of corresponding investments in Parent Bank's accounts)				
			424,827,515.16	354,948
<b>Minority interests</b>			49,573,087.70	50,378
including: from profit				
	DM2,474,948.70			
<b>Foundations</b>			6,425,486.74	6,439
<b>Consolidated profit</b>			226,812,687.03	138,160
<b>Total Liabilities and Shareholders' Equity</b>			137,224,417,064.79	122,686,815
<b>Endorsement liabilities on rediscounted bills of exchange</b>			2,346,730,717.29	2,297,754
<b>Contingent liabilities from guarantees, including guarantees for bills and cheques, and from indemnity agreements</b>			9,995,216,754.55	9,618,108
<b>Savings premiums under the Savings Premium Act</b>			28,958,107.67	50,939
<b>Total Liabilities, together with contingent liabilities and other commitments shown below the line, include liabilities to related companies in the amount of</b>			233,179,121.10	198,869

# Consolidated Profit and Loss Account for the year ended December

Expenses	DM	DM	1984 DM1,000
Interest and similar expenses		7,267,122,288.10	7,619,405
Commissions and similar service charges paid		28,046,707.50	26,161
Write-downs of and adjustments to claims and securities, and additions to provisions for possible loan losses		669,665,450.00	510,172
Salaries and wages		1,184,262,109.09	1,078,828
Compulsory social security contributions		177,770,541.90	160,635
Expenses for pensions and other employee benefits		155,036,166.42	145,096
Other operating expenses		653,979,321.22	564,049
Depreciation on and adjustments to land and buildings, office furniture and equipment		109,812,142.98	91,221
Depreciation on leasing equipment		162,250,427.71	145,502
Write-downs of and adjustments to investments (subsidiaries, associated companies, and trade investments)		62,998,516.58	11,667
<b>Taxes</b>			
a) on income and assets	313,160,009.24		273,006
b) other	8,442,377.06		2,429
		321,602,386.30	275,435
Other expenses		58,186,780.79	78,993
Consolidated net income for the year		346,192,688.31	263,060
		<b>Total Expenses</b>	11,196,925,526.90
			10,970,224

	DM	DM	1984 DM1,000
Consolidated net income for the year		346,192,688.31	263,060
Profit brought forward from the previous year		6,406,152.56	1,442
		352,598,840.87	264,502
<b>Allocations to disclosed reserves from consolidated net income for the year:</b>			
to other reserves			
a) Parent Bank	60,000,000.00		60,000
b) consolidated subsidiaries	63,311,225.14		63,957
		123,311,225.14	123,957
Profit attributable to minority interests		229,287,615.73	140,545
		2,474,928.70	2,385
Consolidated profit		226,812,687.03	138,160





## **Berliner Commerzbank AG, Berlin**

### General performance

Strong balance sheet growth and a further enhanced earning power led to the best operating result of our Berlin subsidiary to date. The 13.9% rise in its total assets to almost DM5.5bn was achieved through even closer cooperation with both corporate and private customers. Interbank transactions were stepped up and favourable interest rate levels were used as an opportunity again to add to securities holdings.

Following an unchanged allocation of DM25m to reserves, DM13.05m remained for the payment of a dividend raised by two percentage points to 18%. With its liable equity increased to DM240m, the bank is well equipped for future growth.

### Retail business

The successful performance in the year under review is once more largely attributable to boosted retail business. Savings deposits rose 6.2% to DM939m—a figure attained with an attractive range of special savings products, particularly savings schemes, despite the greater interest shown by customers in the securities markets.

Savings certificates proved very popular, the overall amount in circulation growing 17% to total DM310m. The bank's own bearer bonds also met with a good response; their total outstanding went up 6.5% to DM 578.2m.

A major factor behind the 12% expansion in the bank's lending was demand for home loans, with many borrowers asking for interest rates to be fixed over longer terms, and with most of the funds raised being employed for modernization purposes. The volume of instalment credits outstanding rose 9.6%. Very brisk use was also made of overdrafts by customers temporarily short of funds.

### Wholesale business

Efforts to increase both corporate lending and deposit business bore fruit, too—with loans up 17%, while sight and time deposits taken together grew 6%. Considerable attention was devoted to start-up enterprises. A risk capital company—"Wirtschaftspartner Beteiligungsgesellschaft mbH, Berlin (WBB)", formed in 1984 with four other founding members—acquired stakes in various different sectors. Another such firm, "Berliner Commerzbank Beteiligungsgesellschaft mbH", was set up by the bank in order to provide venture funds on a temporary basis, and hence to supplement the former initiative.

### Service business

The bullish German stock market proved a particularly strong attraction for investors, enabling the bank to surpass the previous year's already high equity turnover by over 150%. Bond trading also continued its healthy growth, with dollar bonds once more very popular. Sales of investment fund shares climbed 40%. The bank gained new customers for its asset management services. Earnings on its own-account dealings registered a further advance.

In its foreign business, the bank managed strongly to increase non-documentary payments transactions, while also raising the volume of confirmed letters of credit. After several years of marked expansion, currency trading operations with customers were up only slightly. Clients showed considerable interest in Euro-market term deposits—with the bank, for the first time, engaged to a larger extent in channelling funds for them into ECU-denominated investments of this kind.

### Staff and organization

The substantial rise in the bank's business made the hiring of additional staff necessary, whose total number thus went up by 54 to 1,207. At the same time, the apprenticeships available were raised by 14 to 144. Since this corresponds to 13.5% of the bank's overall staff, no more such training places can be provided for the time being. To take care of its future needs, the bank offers gifted young people whose apprenticeships are already completed attractive training possibilities for managerial positions, as an alternative to academic study.

On the organizational side, the bank has continued to equip both its branches and central departments with automated teller machines, video terminals, and personal computers, and has forged ahead as planned with branch modernization and development. In its new technical training centre, employees are prepared for their future tasks thoroughly and in good time. An architectural competition for premises to be erected adjacent to the bank's headquarters drew much attention, and planning work has begun on how to realize the project.

Annual Accounts 1985

Assets	DM1,000
Cash reserves	297,764
Cheques and collection items	31,390
Bills of exchange	64,022
Claims on banks	1,154,478
Discountable Treasury notes	46,235
Bonds and notes	807,608
Other securities	54,800
Loans and advances to customers at agreed periods of	2,907,100
a) less than four years	(1,284,135)
b) four years or more	(1,622,965)
Recovery claims under post-war currency reform acts	8,842
Loans on a trust basis at third party risk	9,036
Investments (associated companies and trade investments)	3,667
Land and buildings	21,305
Office furniture and equipment	10,405
Own bonds	4,164
Other assets	3,217
Deferred items	33,830
<b>Total Assets</b>	<b>5,457,863</b>

Expenses	DM1,000
Interest and similar expenses	205,311
Commissions paid	664
Write-downs of and adjustments to claims and securities, and additions to provisions for possible loan losses	29,978
Personnel expenditure	74,580
Other operating expenses	28,685
Depreciation on fixed assets	5,737
Taxes	22,437
Other expenses	1,823
Net income for the year	40,323
<b>Total Expenses</b>	<b>409,538</b>

Liabilities and Shareholders' Equity	DM1,000
Liabilities to banks	1,378,147
a) demand	(262,080)
b) time	(1,116,067)
Liabilities to customers (customers' deposits)	3,091,338
a) demand	(707,185)
b) time	(1,445,225)
c) savings deposits	(938,928)
Bonds outstanding	578,169
Acceptances outstanding	19,310
Loans on a trust basis at third party risk	9,036
Provisions	101,084
Other liabilities	2,446
Deferred items	21,150
Special item with partial reserve character	1,860
Share capital	72,500
Disclosed reserves	162,500
Distributable profit	20,323

<b>Total Liabilities and Shareholders' Equity</b>	<b>5,457,863</b>
Endorsement liabilities	142,806
Guarantees	265,999
<b>Income</b>	<b>DM1,000</b>
Interest and similar income	309,461
Current income from	
a) fixed-interest securities and Government-inscribed debt	58,995
b) other securities	765
c) investments	296
Commissions and other service charges received	33,972
Other income, including income from the writing back of provisions for possible loan losses	4,257
Income from profit-pooling and from partial or full profit-transfer agreements	1,112
Income from the writing back of provisions, unless it has to be shown under other income	448
Income from the writing back of special item with partial reserve character	232
<b>Total Income</b>	<b>409,538</b>

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

#### Business objectives

Acting within the overall strategy of the Commerzbank Group, Commerzbank International S.A., Luxembourg, engages in all kinds of dealing and lending operations typical of the Euromarkets, but also promotes business with private customers.

#### General performance

Following a fairly long period of consolidation and restructuring in the Euromarkets, the bank, pursuing a clearly earnings-oriented business policy, has again embarked on a growth course. Despite overall conditions for banking that remained difficult, total assets registered a rise of 10% to DM16.7bn. At end-1985, the bank employed 82 people (calculated on a full-time basis), compared with 76 a year earlier.

Both through a carefully targeted exploitation of market niches and the use of new financial instruments the bank managed to strengthen its competitive position.

At the same time, it continued its proven policy of the past years of diversifying its services, thus reaching new customer groups and opening up further business potential.

#### Lending

Total lending—which includes advances to customers, bills discounted, loans against borrower's note and interbank lending—was down 6% at DM8.9bn, chiefly as a result of decreased new borrowing by customers in the industrialized countries and reduced follow-up financing of export credits. Other factors contributing to the trend were the emergence of new marketable loan instruments and the weaker dollar.

The bank again assessed the creditworthiness of borrowers with particular caution. Compared with the year before, it managed just to maintain the overall interest margin. As before, the accent of the geographical spread of loans was in Western Europe. Special attention was paid to short and medium-term lending.

#### Retail business

In line with the general trend in the financial centre of Luxembourg, Commerzbank International S.A. intensified its efforts on the private customer side, which accordingly made very

gratifying progress. The range of available retail services was further expanded.

#### Funding

While the bank's major source of funding continued to be short-term borrowing from other banks in the Euromarket, the considerable effort put into developing business with non-bank customers resulted in a rise in the level of their deposits, thereby further improving the structure of the bank's liabilities. The use of new market instruments both reduced interest costs and helped to assure a better liquidity position.

#### Earnings

Earnings developed favourably throughout the course of the year. Net interest earned, including that on securities and also comprising dividend income, was well up. Brisk dealing activity in all sectors made for substantially higher profits in this area, and earnings on retail services recorded another strong rise, too.

Uncertainties persisting in international lending led the bank once more to channel most of its operating result into loan loss provisions to cover country risks.

Subject to shareholder approval, the distributable profit of DM30m, compared with DM10m in 1984, will again be allocated to the bank's reserves, to further strengthen its equity base. The amount available for this purpose includes the approximately DM4m of profit brought forward from the previous year.

#### Capital and reserves

Following this allocation to reserves, the bank's liable equity stands at DM353.4m.

## Annual Accounts 1985

Assets	DM1,000
Claims on banks with agreed periods of	8,365,656
a) up to 30 days	(2,448,460)
b) more than 30 days	(5,917,196)
Bills of exchange	23,582
Loans and advances to customers	5,957,753
Securities	1,978,893
Investments (associated companies and trade investments)	9,123
Land and buildings	18,600
Office furniture and equipment	807
Deferred items	384,275
Other assets	1,934
<b>Total Assets</b>	<b>16,740,623</b>

Expenses	DM1,000
Interest and commissions paid	1,114,834
Personnel expenditure and other operating expenses	12,514
Taxes	10,682
Write-downs and adjustments	191,711
Depreciation	504
Other expenses	6,129
Net income for the year	26,044
<b>Total Expenses</b>	<b>1,362,418</b>

Liabilities and Shareholders' Equity	DM1,000
Liabilities to banks with agreed periods of	12,449,809
a) up to 30 days	(5,136,953)
b) more than 30 days	(7,312,856)
Liabilities to customers (customers' deposits) with agreed periods of	2,486,631
a) up to 30 days	(940,421)
b) more than 30 days	(1,546,210)
Bonds outstanding	358,280
Subordinated loan	147,678
Share capital	125,000
Reserves	198,400
a) legal reserve	(12,500)
b) free reserves	(94,100)
c) premia from capital increases	(91,800)
Provisions, write-downs and adjustments	564,586
Deferred items	377,180
Other liabilities	3,059
Distributable profit/profit brought forward	30,000
<b>Total Liabilities and Shareholders' Equity</b>	<b>16,740,623</b>

Income	DM1,000
Interest and commissions received	1,205,602
Other income	156,816
<b>Total Income</b>	<b>1,362,418</b>

The bank's 1985 annual accounts will be officially published in Mémorial, Journal officiel du Grand-Duché de Luxembourg, Recueil spécial des sociétés et associations.

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

Business Objectives

Since it was first established as Europartners Bank (Nederland) N.V. in 1973, Commerzbank (Nederland) N.V.—which in November 1984 became a wholly-owned subsidiary of Commerzbank AG—has offered the entire wholesale product range of an all-purpose bank to Dutch companies and international corporate clients from its branches in Amsterdam and Rotterdam. Important areas of activity are both lending and foreign exchange dealings, as well as the financing and handling of cross-border trade.

General performance

The bank's balance sheet total remained almost unchanged on the previous year at Dfl1,234m (equivalent to DM1,096m), the expansion of its business—slow owing to generally narrow margins—being offset by the effects of the falling dollar. Customer deposits recorded a 41% rise in 1985; at Dfl805m, they represented 65% of total assets at the balance sheet date.

Calculated on a full-time basis, the bank's staff numbered 95 at year-end, up from 87 twelve months earlier.

Lending

Total lending—credits and advances to banks and customers, bills discounted, and loans against borrower's note—slipped back slightly, with interest margins under growing pressure due to competition. The emphasis among borrowers is with Dutch companies and subsidiaries of German firms in the Netherlands.

Earnings

The bank's 1985 net income after taxes is shown at Dfl3.73m (or DM3.3m), up 11.8%. This gain was achieved not only through higher net interest earnings, but also thanks to improved own-account dealing results and increased commission receipts. Adhering to the policy already pursued, the bank provided for country risks to an even greater extent than before through additional loan loss reserves.

After the subordinated loan from the Parent Bank had been raised by Dfl30m to Dfl45m in December 1985, and Dfl3.75m had been allocated to reserves from the year's net income, the bank's liable equity reached Dfl105.5m.

Outlook

General economic conditions in the Netherlands lead us to expect this subsidiary to make continued good progress. Moreover, the close-knit trade relations between the country and West Germany offer very promising—and yet expanding—opportunities for future business.

## Annual Accounts 1985

Assets	Dfl1,000	Liabilities and Shareholders' Equity	Dfl1,000
Claims on banks	501,416	Liabilities to banks	341,722
a) payable on demand	( 16,782)	a) payable on demand	( 32,895)
b) with original periods or periods of notice of		b) with original periods or periods of notice of	
ba) less than three months	(332,631)	ba) less than three months	(159,699)
bb) at least three months, but less than four years	( 76,732)	bb) at least three months, but less than four years	( 95,628)
bc) four years or more	( 75,271)	bc) four years or more	( 53,500)
Claims on customers with original periods or periods of notice of	595,070	Liabilities to customers (customers' deposits)	805,259
a) less than four years	(425,130)	a) payable on demand	(166,330)
b) four years or more	(169,940)	b) with original periods or periods of notice of	
Bonds and notes	91,740	ba) less than three months	(365,780)
Land and buildings	5,503	bb) at least three months, but less than four years	(251,436)
Office furniture and equipment	1,687	bc) four years or more	( 21,713)
Deferred items	29,456	Share capital	40,000
Other assets	9,466	Disclosed reserves	20,431
		Deferred items	14,349
		Other liabilities	12,551
		Distributable profit/ profit brought forward	26
		Total Liabilities and Shareholders' Equity	1,234,338
<b>Total Assets</b>	<b>1,234,338</b>		
	= DM 1,096m		

Expenses	Dfl1,000	Income	Dfl1,000
Interest and commissions paid	102,466	Interest and commissions received	116,024
Write-downs of and adjustments to claims and securities, and additions to provisions for possible loan losses	9,000	Current income from securities and investments	5,604
Personnel expenditure and other operating expenses	11,382	Other income	6,656
Taxes	981		
Depreciation on and adjustments to land and buildings, office furniture and equipment	721		
Net income for the year	3,734		
<b>Total Expenses</b>	<b>128,284</b>	<b>Total Income</b>	<b>128,284</b>

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

Business objectives

Commerzbank (South East Asia) Ltd. –COSEA– was founded as a merchant bank in Singapore in 1979, the scope of its activity stretching over all of South East Asia. In certain other fields of the banking business, it serves the interests of the Commerzbank Group also by looking after customers in Australia and New Zealand. Within its own territory, COSEA offers German and international companies the full range of financial products and services that make up the Asian dollar market, both in terms of borrowing and investing in the latter.

General performance

The downturn in the economies of several ASEAN countries–Singapore, Malaysia, Indonesia and Thailand–meant that, in the second half of 1985 especially, COSEA's new business tended to be largely confined to customers based outside this region. The bank was not affected by insolvencies in Singapore itself or in other parts of South East Asia.

Already noticeable in 1984, the growing trend to borrow by means of negotiable securities to the detriment of traditional lending business persisted in 1985. COSEA was able to adjust flexibly to the new situation, markedly expanding its position in both the primary and secondary securities markets–with the accent on the latter in terms of floating rate notes and note issuance facilities. At the same time, it was actively involved in the money, the spot and forward foreign exchange markets and, increasingly, in interest rate swap transactions.

At end-1985, COSEA had a staff of 34, five of them on secondment from the Parent Bank.

Balance sheet structure

The bank's total assets went up from S\$1,670m to S\$2,012m, equivalent to DM2,355m. In line with the growing role of its securities business, this increase is most strongly reflected in the item "securities" in the bank's balance sheet.

Earnings

COSEA in 1985 again managed to boost its operating result strongly, by approximately 45%. This achievement was largely due to successful dealing operations which, helped by a favourable interest rate scenario, not only generated very satisfying earnings from the placing of paper but also additional income thanks to advantageous borrowing.

After appropriate risk provision, the bank's net income for the year after tax was S\$12.8m (or DM14.9m). This, together with the profit brought forward from the previous year, will enable it to pay a 30% dividend and to strengthen its legal and free reserves by allocating altogether S\$4m to them. The bank had last paid a 20%–dividend for 1982, retaining the increased net income it achieved in both 1983 and 1984.

Outlook

We remain convinced of the enormous business potential of the Pacific Basin countries. The changes in economic policy meanwhile effected, particularly in the case of Singapore, should ensure a renewed upturn in the economies of South East Asia once the present phase of consolidation is completed. COSEA will adhere to its strategy of lending on a selective basis.

Following a planned capital increase of S\$10m, with the shares to be issued at a premium of 30%, COSEA's liable equity will amount to S\$63.8m (or DM75m)–a solid capital base enabling it to expand and further to reinforce its market position.



## Annual Accounts 1985

Assets	S\$1,000	Liabilities and Shareholders' Equity	S\$1,000
Cash on hand	1	Liabilities to banks	1,937,804
Claims on banks	662,733	a) payable on demand	(1,995)
a) payable on demand	(660)	b) with agreed periods of notice	(1,935,809)
b) with agreed periods of notice	(662,073)	Liabilities to customers (customers' deposits)	9,854
Treasury bills and discountable Treasury notes	157,817	a) payable on demand	(4,527)
Claims on customers with agreed periods of notice of	805,359	b) with agreed periods of notice	(5,327)
a) less than four years	(430,057)	Share capital	30,000
b) four years or more	(375,302)	Reserves	20,800
Securities	379,794	a) legal reserve	(2,000)
Land and buildings	1,003	b) free reserves	(18,800)
Office furniture and equipment	595	Provisions	2,146
Deferred items	4,607	Deferred items	2,352
Other assets	191	Other liabilities	64
		Distributable profit	9,080
		Total Liabilities and Shareholders' Equity	2,012,100
<b>Total Assets</b>	<b>2,012,100</b>		
	= DM2,355m		

Expenses	S\$1,000	Income	S\$1,000
Interest and commissions paid	154,004	Interest and commissions received	175,153
Personnel expenditure and other operating expenses	3,934	Other income	2,686
Taxes	2,060		
Write-downs of and adjustments to claims and securities, and additions to provisions for possible loan losses	4,331		
Depreciation on buildings, office furniture and equipment	744		
Other expenses	10		
Net income for the year	12,756		
<b>Total Expenses</b>	<b>177,839</b>	<b>Total Income</b>	<b>177,839</b>

S\$100 = DM117.04

## **Rheinische Hypothekenbank AG, Frankfurt**

### General performance

For Rheinische Hypothekenbank—a leading German mortgage bank and Commerzbank's largest subsidiary—1985 was a year of very buoyant business, due largely to the low level of capital market interest rates. New commitments in respect of both mortgages and public-sector lending were well up on 1984, and total assets rose by DM3,059m, or 10.9%, to DM31,066m. The bank increased the number of its staff from 417 to 466.

### Lending

Total lending of DM6,495m in the year under review (1984: DM5,901m) was split between new commitments of DM5,210m (DM4,408m) and loan extensions of DM1,285m (DM1,493m). Of the credits up for renegotiation of their interest charges, the bank managed to extend a total of 83%, compared with 80% in 1984. New advances agreed break down as 47% (42%) mortgage loans and 53% (58%) public-sector credits.

Mortgage commitments were mainly in connection with existing housing stock (DM1,318m or 54%)—whether for modernization, purchase of houses or apartments or, to a greater degree than previously, refinancing. A further 28% was for new house-building and 18% for commercial building projects, with two-thirds of the former relating to owner-occupied dwellings.

Cooperation with the branches of the Parent Bank in the mortgage field was again very brisk. Both new mortgage borrowers and those whose loans came up for extension were increasingly interested in contracting fixed interest rates over longer periods: about two-thirds of the new mortgage loans were on a ten-year or more fixed-rate basis.

Lending to the public sector totalled DM2,773m (DM2,562m), DM1,089m consisting of loans to the Federal Government, to its separate accounting entities, and to the Länder authorities. A further DM1,458m went to other public-sector bodies, DM186m into foreign lending, and DM40m was used for special credit schemes backed by government guarantee.

The rapid pace of new lending business shows in the higher level of payouts—DM5,105m as against the previous year's DM4,454m. Loans agreed but not yet paid out remained more or

less steady at DM631m (DM650m). The total amount of credits outstanding rose by almost DM3.0bn to DM29.4bn, DM27.4bn of this being committed at longer term.

### Borrowing

To fund its lending, the bank raised DM6,290m (DM5,871m) through the capital market, mainly by the sale of mortgage bonds worth DM1,846m and communal bonds worth DM4,039m, the latter serving to fund loans to the public sector.

The bank's own bonds outstanding at year-end totalled DM27.6bn (DM25.0bn), 39% of which were mortgage bonds, 58% communal bonds and 3% bonds not requiring cover.

### Result for the year and liable equity

Rheinische Hypothekenbank's increased volume of business made for a comfortable 7% rise, to DM209m (DM195m), in net interest earned. Overall net income for the year is shown at DM67.1m (DM57.1m). The annual general meeting on May 7, 1986 will be asked to approve an unchanged dividend of DM10 per DM50 nominal share on the bank's share capital of DM85.3m, representing a total payout of DM17.1m.

Shareholders will also be asked to approve an allocation of DM16.5m (DM12.0m) to reserves. This, together with an advance allocation of DM33.5m (DM28.0m) by the management from the 1985 result, will raise the bank's reserves by a total amount of DM50m (DM40m), bringing its liable equity to DM613.5m (DM563.5m).

Further details of Rheinische Hypothekenbank's performance are available in its own already published report for 1985.

## Annual Accounts 1985

Assets	DM1,000
Loans at agreed periods of four years or more	27,396,754
a) mortgage loans	(12,776,214)
b) communal loans	(14,539,441)
c) other	(81,099)
Recovery claims on Federal and Länder authorities under post-war currency reform acts	9,944
Bonds and notes	42,615
Other securities	59,619
Cash reserves and collection items	5,397
Claims on banks and on other debtors	3,243,104
Own bonds (nominal value DM 195,990,000)	191,247
Loans on a trust basis at third party risk	61,358
Investments (associated companies and trade investments)	1,577
Land and buildings	43,960
Office furniture and equipment	5,601
Other assets	5,045
<b>Total Assets</b>	<b>31,066,221</b>

Liabilities and Shareholders' Equity	DM1,000
Bonds issued	26,652,341
a) mortgage bonds	(10,192,072)
b) communal bonds	(15,056,847)
c) other bearer bonds	(897,602)
d) bonds drawn by lot and called for redemption	(505,820)
Bonds to be delivered	1,247,114
Loans taken up at long term	1,060,665
Liabilities to banks and other creditors	117,454
Accrued interest on bonds issued and on loans taken up	1,071,478
Loans on a trust basis at third party risk	61,358
Provisions	107,676
Foundation	1,082
Share capital	85,305
Disclosed reserves	511,715
a) legal reserve	(76,726)
b) other reserves (in accordance with Section 7 of the German Mortgage Bank Act-HBG)	(434,989)
Other liabilities	116,472
Distributable profit	33,561
<b>Total Liabilities and Shareholders' Equity</b>	<b>31,066,221</b>
Contingent liabilities	495

Expenses	DM1,000
Interest and similar expenses	2,029,127
Non-recurrent expenses on bonds issued and on loans granted	92,311
Write-downs of and adjustments to claims and securities, and additions to provisions for possible loan losses	35,254
Personnel expenditure	37,177
Other operating expenses	16,199
Depreciation and other write-downs on fixed assets	2,506
Taxes	55,790
Other expenses	719
Net income for the year	67,061
<b>Total Expenses</b>	<b>2,336,144</b>

Income	DM1,000
Interest and similar income	2,240,521
Non-recurrent income from bonds issued and from loans granted	89,748
Income from investments	100
Other income, including income from the writing back of provisions for possible loan losses	5,553
Income from the writing back of provisions, unless it has to be shown under other income	126
Income from the writing back of special items with partial reserve character	96
<b>Total Income</b>	<b>2,336,144</b>

# Holdings by Commerzbank Aktiengesellschaft in Affiliated and Other

## Consolidated companies

Rheinische Hypothekenbank Aktiengesellschaft, Frankfurt C: DM85.31m	94.7%
Berliner Commerzbank Aktiengesellschaft, Berlin C: DM72.50m	100.0%
Commerzbank International S.A., Luxembourg C: DM125.00m	100.0%*)
Commerzbank (Nederland) N.V., Amsterdam C: Dfl40.00m	100.0%
Commerzbank (South East Asia) Ltd., Singapore C: S\$30.00m	100.0%
Commerzbank (Switzerland) Ltd, Zurich C: Sfr25.00m	100.0%
Commerz-Credit-Bank Aktiengesellschaft Europartner, Saarbrücken C: DM14.00m	65.0%
Commerz- und Industrie-Leasing GmbH, Frankfurt C: DM2.00m	100.0%
Atlas-Vermögensverwaltungs-Gesellschaft m.b.H., Düsseldorf C: DM0.10m	100.0%
Aussenhandel-Förderungsgesellschaft mbH, Düsseldorf C: DM0.10m	100.0%
CB Finance Company B.V., Amsterdam C: Dfl1.00m	100.0%
Commerzbank Overseas Finance N.V., Curaçao C: US\$0.10m	100.0%**)

## Further holdings in German banks

Commerzbank U.S. Finance, Inc., Delaware C: US\$0.01m	100.0%
Commercium Vermögensverwaltungs-GmbH, Hamburg C: DM0.05m	100.0%
Commerzbank Fonds-Verwaltungsgesellschaft mit beschränkter Haftung (Cofa), Düsseldorf C: DM2.00m	100.0%
GERAP Grundbesitz- und Verwaltungsgesellschaft mbH, Frankfurt C: DM0.05m	95.0%
Hamburgische Grundstücks Gesellschaft m.b.H., Hamburg C: DM0.05m	100.0%
von der Heydt-Kersten & Söhne, Wuppertal-Elberfeld C: DM10.00m	100.0%
Ilseder Bank, Sandow & Co., Peine C: DM2.00m	100.0%
Immobilien- und Wohnungs-Gesellschaft mbH, Hamburg C: DM0.05m	100.0%
L.I.A. Leasinggesellschaft für Immobilien und Anlagegüter mbH, Frankfurt C: DM1.00m	100.0%*)
Norddeutsche Immobilien- und Verwaltungs-GmbH, Hamburg C: DM0.05m	100.0%**)
C. Portmann, Frankfurt C: DM1.50m	100.0%
Absatzkreditbank Aktiengesellschaft, Hamburg C: DM18.00m	40.0%
ADIG Allgemeine Deutsche Investment-Gesellschaft mbH, Munich/Frankfurt C: DM4.80m	29.2%
AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt C: DM40.00m	12.6%
Deutsche Grundbesitz-Investmentgesellschaft mbH, Frankfurt C: DM6.00m	25.0%
Deutsche Schiffsbank Aktiengesellschaft, Bremen C: DM35.00m	10.0%
Deutsche Schiffsbeleihungs-Bank Aktien-Gesellschaft, Hamburg C: DM35.00m	28.5%
Gesellschaft zur Finanzierung von Industrieanlagen mbH, Frankfurt C: DM1.00m	12.6%
Liquidations-Casse in Hamburg Aktiengesellschaft, Hamburg C: DM1.15m	25.0%
Liquidationskasse für Zeitgeschäfte AG, Munich C: DM0.75m	10.0%
Liquiditäts-Konsortialbank GmbH, Frankfurt C: DM310.00m	3.7%
Lombardkasse AG, Berlin/Frankfurt C: DM20.00m	10.0%
Münchener Hypothekenbank eG, Munich C: DM12.15m	0.8%
Privatdiskont-Aktiengesellschaft, Frankfurt C: DM10.00m	9.0%

- a) has holdings<sup>°)</sup> in Francommerz Vermögensverwaltungs-gesellschaft mbH and Heidelberger Druckmaschinen AG;
- b) has holding<sup>°)</sup> in Horten AG;
- c) has majority holding in Kempinski AG (since January 1, 1986);
- d) has holding<sup>°)</sup> in Hochtief AG vorm. Gebr. Helfmann;
- e) has holding<sup>°)</sup> in Industriekreditbank AG – Deutsche Industriebank;

- f) has holding<sup>°)</sup> in Hutschenreuther AG;
- g) has holding<sup>°)</sup> in Gutehoffnungshütte Aktienverein AG;
- h) has holdings<sup>°)</sup> in Bavaria Filmkunst GmbH and Didier-Werke AG;
- i) has holding<sup>°)</sup> in Mercedes-Automobil-Holding AG;
- j) has holding<sup>°)</sup> in Thyssen AG.

<sup>°)</sup> of at least 25%, entitling to inter-company tax privileges.

## Further holdings in German companies

üco Vermögensverwaltungs- ellschaft mbH, nich a)	DM39.00m	25.0%	Gesellschaft für Kreditsicherung mbH, Cologne C: DM0.30m	26.7%
America Grundbesitz- waltungsgesellschaft mbH, Frankfurt	DM0.10m	25.0%	Gesellschaft für Zahlungssysteme mbH, Frankfurt C: DM50.00m	6.1%
Canada Grundbesitz hand GmbH, Frankfurt	DM0.10m	20.0%	Hostra Beteiligungsgesellschaft mbH, Düsseldorf e)	33.3%
tsche Canada-Grundbesitz- waltungsgesellschaft mbH, Frankfurt	DM0.10m	20.0%	Kistra Beteiligungsgesellschaft mbH, Frankfurt f)	25.0%
tsche Gesellschaft Anlageverwaltung beschränkter Haftung, Frankfurt b)	DM150.00m	25.0%	"Neu-Europa" Hitec & Biotec Gesellschaft für Innovationen mbH & Co. KG, Berlin C: DM68.85m	13.1%
tsche Gesellschaft für obilienanlagen „America“ mbH, Homburg v. d. H.	DM0.10m	25.0%	"Neu-Europa" Hitec & Biotec Gesellschaft für Innovationen Verwaltungs-GmbH, Berlin C: DM7.65m	13.1%
tsche Gesellschaft für obilien- und agen-Leasing mbH, Düsseldorf	DM45.00m	50.0%	Regina Verwaltungsgesellschaft mbH, Munich g)	25.0%
tsche Grundbesitz- agegesellschaft m.b.H., Frankfurt	DM1.00m	25.0%	Rossmas Beteiligungsgesellschaft mbH, Frankfurt h)	40.0%
tsche Wagnisfinanzierungs- ellschaft mbH, Frankfurt	DM50.00m	10.0%	Stella Automobil- Beteiligungsgesellschaft mbH, Munich i)	25.0%
Frankfurter Gesellschaft Hotelwerte mbH, Frankfurt c)	DM0.10m	15.0%	Thyssen Beteiligungsverwaltung GmbH, Düsseldorf j)	18.3%
nder Werft Aktiengesellschaft, Leck	DM25.00m	68.9%	Vermietungsgesellschaft SÜD für SEL-Kommunikationsanlagen mbH, Stuttgart C: DM2.50m	50.0%
commerz Vermögens- waltungsgesellschaft mbH, Frankfurt d)	DM50.00m	40.0%	WFG Deutsche Gesellschaft für Wagniskapital mbH, Frankfurt C: DM1.00m	18.0%
DES Grundstücks-Vermietungs- ellschaft mbH & Co. KG, Düsseldorf	DM0.10m	49.0%	WFG Deutsche Gesellschaft für Wagniskapital mbH & Co. KG von 1984, Frankfurt C: DM80.00m	18.0%

Further holdings in foreign financial institutions  
and in other companies abroad

EuroPartners Securities Corporation, New York C: US\$6.81m	40.0%	Handelsgest S.A.R.L., Luxembourg C: DM10.00m	100.0%*)
UBAE Arab German Bank S.A., Luxembourg/Frankfurt C: DM30.00m	25.1%	Indugest S.A.R.L., Luxembourg C: DM25.00m	100.0%*)
Korea International Merchant Bank, Seoul C: won15.00bn	20.0%	International Commercial Bank PLC, London C: £24.00m	12.0%
Banco Hispano Americano S.A., Madrid C: Ptas32,139.80m	10.1%	The International Investment Corporation for Yugoslavia S.A., Luxembourg C: US\$13.50m	1.2%
Banque Marocaine du Commerce Extérieur, Casablanca C: dirham150.00m	2.2%	Misir International Bank S.A.E., Cairo C: US\$15.00m	2.6%**)
Banque Nationale pour le Développement Economique, Rabat C: dirham140.00m	0.4%	Mithai EuroPartners Finance and Securities Company Ltd., Bangkok C: baht40.00m	9.8%
The Development Bank of Singapore Ltd., Singapore C: S\$289.75m	0.5%	The Saudi Investment Bank, Riyadh C: SR90.00m	5.0%
EuroPartners Holding S.A., Luxembourg C: Lfr7.50m	33.3%*)	Société de Gestion du Rominvest International Fund S.A., Luxembourg C: Lfr40.00m	10.0%
Finance Company VIKING, Zurich C: Sfr30.00m	12.0%	S.W.I.F.T. Society for Worldwide Interbank Financial Telecommunication s.c., Brussels C: Bfr417.89m	1.3%
Finatourinvest S.A., Luxembourg C: Lfr130.00m	0.6%	Teollistamisrahasto Oy – Industrialization Fund of Finland Ltd., Helsinki C: Fmk165.60m	0.7%
P.T. Finconesia Financial Corporation of Indonesia, Jakarta C: IRp3.00bn	5.0%	Unibanco–Banco de Investimento do Brasil S.A. (B.I.B.), Rio de Janeiro C: Cr\$240.00bn	5.0%

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

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

1875

1875

1875

# Appendices

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

### Domestic public entities' bonds

State of Baden-Wuerttemberg  
Free State of Bavaria  
State of Berlin  
Federal Republic of Germany  
German Federal Post Office  
German Federal Railways  
State of Hesse  
Kreditanstalt für Wiederaufbau  
State of Lower Saxony  
State of Northrhine-Westphalia  
State of Schleswig-Holstein

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

BASF AG  
Deutsche Schiffsbeleihungs-Bank  
Aktien-Gesellschaft  
Didier-Werke AG  
Schenker & Co. GmbH

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

Adia Resources Limited  
AECI Limited  
Amca Overseas Finance Corporation  
American Express Overseas  
Credit Corporation Limited  
Asian Development Bank  
Asko Finance B.V.  
Commonwealth of Australia  
Republic of Austria  
Autobahnen- und Schnellstraßen-  
Finanzierungs-Aktiengesellschaft (ASFINAG)  
Bank of China  
Bank of Greece  
Banque Française du Commerce Extérieur  
Bayer Capital Corporation N.V.  
Kingdom of Belgium  
BHF-Bank Finance (Jersey) Limited  
Canadian Imperial Bank of Commerce  
China International Trust & Investment  
Corporation (CITIC)  
Claas Finance B.V.  
Commerzbank Overseas Finance N.V.  
Commodore Finance B.V.

The Council of Europe Resettlement Fund  
for National Refugees  
and Over-Population in Europe  
City of Copenhagen  
Copenhagen Handelsbank A/S  
CPC International Inc.  
Crédit d'Équipement des  
Petites et Moyennes Entreprises (CEPME)  
Credit Suisse Finance (Panama) S.A.  
Daikyo Kanko Co., Ltd.  
Daishinpan Co., Ltd.  
Department of Posts and Telecommunications  
The Dow Chemical Company  
Dresdner Finance B.V.  
Electricity Supply Commission (ESCOM)  
Emhart Corporation  
EUROFIMA European Company  
for the Financing of Railway Rolling Stock  
European Coal and Steel Community (ECSC)  
European Economic Community (EEC)  
European Investment Bank (EIB)  
The Export-Import Bank of Korea  
Finance for Danish Industry  
Republic of Finland  
Ford Motor Credit Company  
Fujitsu Limited  
Genbel Finance B.V.  
Haindl Finance B.V.  
Heron International Finance B.V.  
Hoesch International Finance B.V.  
Honda Motor Co., Ltd.  
Hydro-Quebec  
IKB Finance B.V.  
The Industrial Bank of Japan  
Finance Company N.V.  
Industrial Development Corporation  
of South Africa Limited  
Inter-American Development Bank  
Intercontinental Rubber Finance B.V.  
International Bank for Reconstruction  
and Development (World Bank)  
Republic of Ireland  
I/S Elsam  
ITT Corporation  
Japan Finance Corporation  
for Municipal Enterprises  
Jydsk Telefon-Aktieselskab  
Kaufhof Finance B.V.  
Koninklijke Nederlandsche Hoogovens  
en Staal fabrieken NV  
Korea Exchange Bank  
Local Authorities Loans Fund Board  
Malaysia  
Province of Manitoba  
Maruzen Showa Unyu Co., Ltd.  
Megal Finance Company Ltd.  
Metropolitan Estate  
and Property International N.V.

Minolta Camera Co., Ltd.  
 Mitsubishi Finance (Hong Kong) Limited  
 Moevenpick Finance Limited  
 J.P. Morgan & Co. Incorporated  
 The Mortgage Bank and Financial  
 Administration of the Kingdom of Denmark  
 Hungarian National Bank  
 Neste Oy  
 Nippon Shinpan Co., Ltd.  
 Österreichische Elektrizitätswirtschafts-AG  
 (Verbundgesellschaft)  
 Österreichische Industrieverwaltungs-AG  
 (OEIAG)  
 Österreichische Kontrollbank AG  
 Owens-Corning Fiber Glas Corporation  
 The Pillsbury Company  
 Pirelli Financial Services Company N.V.  
 Republic of Portugal  
 Public Power Corporation  
 Province de Québec  
 Red Nacional de los Ferrocarriles  
 Españoles (RENFE)  
 Renown Incorporated  
 R.J. Reynolds Industries, Inc.  
 The Royal Bank of Canada  
 Security Pacific Corporation  
 Société Luxembourgeoise  
 de Centrales Nucléaires S.A. (SCN)  
 South African Transport Services  
 Kingdom of Spain  
 Suminoe Textile Co., Ltd.  
 Superfos A/S  
 Kingdom of Sweden  
 Teijin Seiki Co., Ltd.  
 Tenneco Corporation  
 Toyobo Co., Ltd.  
 Trio-Kenwood Corporation  
 Tsubakimoto Precision Products Co., Ltd.  
 Union Bank of Finland Ltd.  
 Volkswagen International Finance N.V.  
 Wells Fargo & Company

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

AB Electrolux  
 Aegon N.V.  
 Aktiebolaget Svensk Exportkredit  
 (Swedish Export Credit Corporation)  
 Aktiebolaget SKF  
 Alliance & Leicester Building Society  
 Allied Irish Banks plc  
 All Nippon Airways Co., Ltd.  
 Aluminium Company of Canada, Limited  
 American Brands, Inc.  
 American Express Company  
 American Express Credit Corporation

American Express Overseas  
 Credit Corporation N.V.  
 American Express Overseas  
 Finance Company N.V.  
 American General Corporation  
 Anheuser-Busch Companies, Inc.  
 Arab Banking Corporation (B.S.C.)  
 Arizona Public Service Company  
 A/S Eksportfinans  
 ASEA Finance Inc.  
 Commonwealth of Australia  
 Republic of Austria  
 Australia and New Zealand  
 Banking Group Limited  
 The Australian Gas Light Company  
 Australian Industry Development Corporation  
 Australian Resources Development Bank  
 Limited  
 Automobiles Peugeot S.A.  
 Avon Capital Corporation  
 Azienda Autonoma delle Ferrovie dello Stato  
 Banca Nazionale dell' Agricoltura S.p.A.  
 Banco di Roma S.p.A., London Branch  
 BankAmerica Corporation  
 Bankers Trust New York Corporation  
 Bank Mees & Hope NV  
 Bank of China  
 The Bank of New York Company, Inc.  
 The Bank of Nova Scotia  
 Bank of Tokyo (Curaçao) Holding N.V.  
 The Bank of Tokyo, Ltd.  
 Banque Française du Commerce Extérieur  
 Banque Indosuez  
 Banque Nationale de Paris  
 Bayerische Vereinsbank Overseas Finance N.V.  
 BBL (Cayman) Limited  
 Kingdom of Belgium  
 Bergen Bank A/S  
 BHP Finance Limited  
 BMW Finance N.V.  
 BP Capital B.V.  
 Britannia Building Society  
 Province of British Columbia  
 Brown Shipley Finance (Holland) B.V.  
 Cadbury Schweppes Public Limited Company  
 Caisse Nationale de l'Énergie (CNE)  
 Caisse Nationale des Télécommunications (CNT)  
 Canada  
 Canadian Imperial Bank of Commerce  
 Canadian National Railway Company  
 Canadian Pacific Limited  
 Casio Computer Co., Ltd.  
 Centrale Nucléaire Européenne  
 à Neutrons Rapides S.A. – NERSA  
 Cerinvest N.V.  
 Chemical New York Corporation  
 Chesebrough-Pond's Inc.  
 China International Trust & Investment  
 Corporation (CITIC)  
 Chrysler Financial Corporation



<p>The Chugoku Electric Power Company, Incorporated Citicorp Citicorp Banking Corporation Club Med, Inc. The Coca-Cola Company Coca-Cola Financial Corporation Comalco Finance Limited Commerzbank Overseas Finance N.V. Commonwealth Bank of Australia Communications Satellite Corporation Compagnie de Saint-Gobain Compagnie Française des Pétroles – TOTAL Compagnie Générale des Etablissements Michelin Compagnie IBM France City of Copenhagen Copenhagen Handelsbank A/S The Council of Europe Resettlement Fund for National Refugees and Over-Population in Europe CRA Finance Limited Creditanstalt-Bankverein Crédit Commercial de France Crédit d'Équipement des Petites et Moyennes Entreprises (CEPME) Crédit du Nord Crédit Lyonnais Crédit National CSR Finance Limited Dansk Naturgas A/S Danish Export Finance Corporation Dart &amp; Kraft Financial Corporation Kingdom of Denmark Den norske Creditbank Den Norske Industribank A/S Det Norske Veritas DFC Finance (Overseas) Limited The Dow Chemical Company Dresdner Finance B.V. Dunlop Olympic Limited Electricité de France (EdF) Electricity Supply Commission (ESCOM) Elkem a/s Enso-Gutzeit Oy EUROFIMA European Company for the Financing of Railway Rolling Stock European Atomic Energy Community European Coal and Steel Community (ECSC) European Economic Community (EEC) European Investment Bank (EIB) European Telecommunications Satellite Organization (EUTELSAT) Export Development Corporation Farm Credit Corporation Federal Business Development Bank Federal Home Loan Mortgage Corporation (Freddie Mac) Federated Department Stores, Inc. Finance for Danish Industry</p>	<p>First Chicago Corporation Ford Credit Australia Limited Ford Credit Canada Limited Ford Motor Company Ford Motor Credit Company Forsmarks Kraftgrupp Aktiebolag The Fuji Bank, Limited Fuji Heavy Industries Ltd. Furukawa Electric Co., Ltd. Gaz de France Gaz Metropolitan, Inc. General Motors Acceptance Corporation General Motors Acceptance Corporation of Canada, Limited General Motors Acceptance (U.K.) Finance plc GenFinance N.V. Genstar Financial Corporation G.J. Coles &amp; Coy. Limited Gould Inc. Government Insurance Office of New South Wales Gulf States Utilities Company Hafslund a.s H.J. Heinz Company Honda Motor Co., Ltd. The Hongkong and Shanghai Banking Corporation Hospital Corporation of America Household Finance Corporation Hydro-Quebec IBM Credit Corporation IBM Japan, Ltd. IBM World Trade Corporation IKB Finance B.V. Imatran Voima Oy Imperial Chemical Industries plc Inco Limited Industrial Bank of Finland Ltd. The Industrial Bank of Japan, Limited Intel Overseas Corporation Inter-American Development Bank International Bank for Reconstruction and Development (World Bank) International Paper Company Republic of Ireland Republic of Italy ITT Corporation ITT Credit Corporation Kajima Corporation Kansallis-Osake-Pankki Kawasaki Steel Corporation KB IFIMA N.V. Kellogg Company Kiewit U.S. Co. KLM Royal Dutch Airlines Koninklijke Nedlloyd Groep N.V. The Korea Development Bank Korea Exchange Bank Kubota, Ltd. City of Laval</p>
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Lloyds Bank plc  
Loblaw Companies Limited  
The Long-Term Credit Bank  
of Japan Finance N.V.  
The Long-Term Credit Bank of Japan, Limited  
The Louisiana Land and Exploration Company  
Manufacturers Hanover Trust Company  
Mass Transit Railway Corporation  
Mazda Motor Corporation  
Megal Finance Company, Ltd.  
Midland Bank plc  
The Mitsubishi Bank, Limited  
Mitsui Finance Asia Limited  
Mitsui Real Estate Development Co., Ltd.  
Mobil Corporation  
MOL International S.A.  
Monsanto Company  
City of Montreal  
Montreal Urban Community  
J.P. Morgan Company  
Morgan Guaranty Australia Limited  
Morgan Guaranty Trust Company of New York  
J.P. Morgan & Co. Incorporated  
Philip Morris Companies Inc.  
Philip Morris Credit Corporation  
The Mortgage Bank and Financial  
Administration of the Kingdom of Denmark  
Mount Isa Finance N.V.  
National Westminster Bank plc  
National Westminster Finance B.V.  
N.V. Nederlandse Gasunie  
Province of Newfoundland  
New South Wales Treasury Corporation  
New Zealand  
New Zealand Forest Products Finance N.V.  
New Zealand Steel Development  
Nippon Metal Industry Co., Ltd.  
Nippon Oil Company, Limited  
Nisshin Steel Co., Ltd.  
Nordic Investment Bank  
Norsk Hydro a.s.  
Province of Nova Scotia  
Orient Finance Co., Ltd.  
Österreichische Kontrollbank AG  
Österreichische Länderbank AG  
OKG Aktiebolag  
Olivetti Holding B.V.  
Pabelfima B.V.  
Pechiney  
Petrocorp Overseas Finance Limited  
Peugeot Finance International N.V.  
Philips International Finance S.A.  
Pirelli Financial Services Company N.V.  
Pirelli UK International Finance B.V.  
Postipankki  
Primary Industry Bank of Australia Limited  
Privatbanken Aktieselskab  
The Procter & Gamble Company  
Province de Québec  
Ville de Québec  
The Queensland Government  
Development Authority  
Rabobank Nederland  
Rank Xerox Leasing International Finance B.V.  
The Regional Municipality  
of Hamilton-Wentworth  
E. Rémy Martin & Cie S.A.  
The Restaurant Seibu Ltd.  
Rhône – Poulenc S.A.  
R.J. Reynolds Industries, Inc.  
Ricoh Company, Ltd.  
Rockefeller Center Properties, Inc.  
Rockwell International Corporation  
The Royal Bank of Canada  
The Rural and Industries Bank  
of Western Australia  
Sandoz Holding Netherlands B.V.  
The Sanwa Bank, Limited  
Sanwa International Finance Limited  
S.B.C. Australia Limited  
SBC Finance (Cayman Islands) Ltd.  
Scandinavian Airlines System (SAS)  
Security Pacific Australia Limited  
Security Pacific Corporation  
Shell Canada Limited  
Smith & Nephew Associated Companies plc  
Société Générale  
Société Nationale  
de Crédit d'Investissement  
Société Nationale  
des Chemins de fer Français  
Société Nationale Elf Aquitaine  
Sonat Finance Inc.  
Sony Corporation  
Republic of South Africa  
South African Transport Services  
South Australian Government  
Financing Authority  
Southland Canada, Inc.  
Southern California Edison Company  
Sparekassen SdS  
State Bank of New South Wales  
State Bank of South Australia  
Sterling Drug Capital Corporation  
The St. Paul Companies, Inc.  
Student Loan Marketing Association  
(SallieMae)  
The Sumitomo Bank, Limited  
Sumitomo Corporation  
Sumitomo Finance (Asia) Limited  
Sumitomo Realty & Development Co., Ltd.  
Svenska Handelsbanken  
Svenska International Limited  
Kingdom of Sweden  
Swiss Volksbank Finance  
(Cayman Islands) Ltd.  
Sydkraft Aktiebolag  
TBG Finance N.V.  
Telefonaktiebolaget L M Ericsson  
Tenneco Corporation

Texaco Capital Inc.  
 Thomson-Brandt International B.V.  
 Thomson-CSF  
 Thyssen Holding Corporation  
 Tokyu Corporation  
 Toray Industries, Inc.  
 Transamerica Financial Corporation  
 TransCanada PipeLines Limited  
 Trizec Corporation Ltd.  
 Unilever Becumij N.V.  
 Union Bank of Norway Ltd.  
 Union Bank of Switzerland Finance N.V.  
 United Kingdom  
 United Technologies Corporation  
 Victorian Public Authorities Finance Agency  
 Wells Fargo & Company  
 WestLB Finance N.V.  
 Westpac Banking Corporation  
 City of Winnipeg  
 Woolwich Equitable Building Society  
 Woolworths Limited  
 Xerox Canada Finance Inc.  
 Yamaichi International (Nederland) N.V.  
 Yokohama Asia Limited  
 Zentralsparkasse und Kommerzbank

German shares

Allianz Versicherungs-AG  
 BASF AG  
 Bayerische Hypotheken- und Wechsel-Bank AG  
 Bayerische Vereinsbank AG  
 Berliner Handels- und Frankfurter Bank  
 Hugo Boss AG  
 CEAG Industrie-Aktien und Anlagen AG  
 FAG Kugelfischer Georg Schäfer KGaA  
 Frankona Rückversicherungs-AG  
 Gerling-Konzern Allgemeine Versicherungs-AG  
 Henkel KGaA  
 Hoechst AG  
 Industriekreditbank AG-Deutsche Industriebank  
 Klöckner-Humboldt-Deutz AG  
 Koenig & Bauer AG  
 Linde AG  
 Main-Kraftwerke AG  
 MOTO METER AG  
 Nixdorf Computer AG  
 Phywe AG  
 Siemens AG  
 Schering AG  
 Schumag AG  
 Stöhr & Co. AG  
 Thyssen AG vorm. August Thyssen-Hütte  
 Vereinigte Elektrizitätswerke Westfalen AG

Foreign shares and participation certificates

Associated Dairies Group plc  
 Bank Leu Ltd.  
 The Black & Decker Corporation  
 Britoil plc  
 BTR plc  
 Bunzl plc  
 Cable and Wireless plc  
 Compañia Telefónica Nacional de España, S.A.  
 Elkem a/s  
 English China Clays p.l.c.  
 Fisons plc  
 Guinness Peat Group plc  
 Guinness plc  
 Hanson Trust plc  
 „Holderbank“ Financière Glaris Ltd.  
 International City Holdings plc  
 Korea Growth Trust  
 Laura Ashley Holdings plc  
 Nestlé S.A.  
 Pacific Telesis Group  
 Rhône – Poulenc S.A.  
 Rodamco N.V.  
 The Royal Bank of Scotland Group plc  
 Sandoz Ltd.  
 Schweizerische Aluminium AG  
 Sears Holdings plc  
 Singapore Airlines Limited  
 Société Générale de Belgique –  
 Generale Maatschappij van België  
 Swiss Bank Corporation  
 Standard Telephones and Cables plc  
 United Biscuits (Holdings) plc  
 United Newspapers plc  
 Zurich Insurance Company

Other syndicate transactions

AEG-Telefunken AG  
 ALTANA Industrie-Aktien und Anlagen AG  
 BATIG Gesellschaft für Beteiligungen mbH  
 BBC AG Brown, Boveri & Cie  
 Brown, Boveri & Cie AG  
 Chemie-Verwaltungs-AG  
 Daimler-Benz AG  
 Deutsch-Atlantische Telegraphen-AG  
 Deutscher Eisenhandel AG  
 Nordwestdeutsche Kraftwerke AG  
 Pegulan-Werke AG  
 L. Possehl & Co GmbH  
 Preußische Elektrizitäts-AG  
 Rheinmetall Berlin AG  
 VEBA AG

### Headquarters

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<u>Düsseldorf</u>	25 Breite Strasse, D-4000 Düsseldorf, Telephone (02 11) 82 71, Telex 8 581 381
<u>Hamburg</u>	7-9 Ness, D-2000 Hamburg, Telephone (0 40) 36 13 21, Telex 2 12 391

All International Departments are in Frankfurt.

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### Domestic Branches

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

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

Aachen 1920 (1874) with sub-branches Adalbertstrasse Burtscheid Markt and paying office Autobahn-Nord	Backnang 1961 Bad Bramstedt 1973 Baden-Baden 1914 (1878) Bad Driburg 1975 Bad Harzburg 1974 Bad Hersfeld 1962 Bad Homburg v. d. H. 1967 Bad Honnef 1966 Bad Kissingen 1976 Bad Kreuznach 1929 (1907) Bad Nauheim 1968 Bad Neuenahr-Ahrweiler 1966 with sub-branch Ahrweiler Bad Oeynhausen 1965 Bad Oldesloe 1961 Bad Pyrmont 1979 Bad Salzuflen 1963 Bad Soden (Taunus) 1968 Bad Vilbel 1968 Balingen (Württ.) 1958	Bamberg 1968 Bayreuth 1967 Beckum (Münster district) 1960 Bensheim 1969 Bergheim (Erft) 1975 Bergisch Gladbach 1968 Bergneustadt 1959 Biberach (Riss) 1968 Bielefeld 1905 (1867) with sub-branches Betheleck Brackwede Heeper Strasse Herforder Strasse Sennestadt Sieker Stapenhorststrasse Bietigheim-Bissingen 1975 Bingen 1968 Bocholt 1920 Bochum 1920 with sub-branches Altenbochum Ehrenfeld Hamme Linden Stiepel Weitmar	Bochum-Wattenscheid 1918 (1906) with sub-branch Höntrop Böblingen 1968 Bonn 1908 (1885) with sub-branches Bundeskanzlerplatz Markt Tannenbusch Liaison Office: see page 93 Bonn-Bad Godesberg 1959 with sub-branch Römerplatz Bonn-Beuel 1961 Bonn-Duisdorf 1960 Borken (Westphalia) 1960 Bottrop 1959 Brake 1976 Braunschweig 1929 (1853) with sub-branches Am Hauptbahnhof Celler Strasse Dankwardstrasse Jasperallee Radeklint Bremen 1920 with sub-branches Dobben Findorff Gröpelingen Hemelingen
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Neustadt	Diepholz	Duisburg	Essen
Schwachhausen	1968	1909 (1883)	1907 (1898)
Steintor	Diez (Lahn)	with sub-branches	with sub-branches
West	1967	Hochfeld	Altenessen
Woltmershausen	Dillenburg	Lutherplatz	Borbeck
Bremen-Vegesack	1961	Marxloh	Bredenev
1954	Dinslaken	Meiderich	Essen-Süd
Bremerhaven	1965 (1921)	Wanheimerort	Essen-West
1956	Dissen (Teutob. Forest)	Duisburg-Hamborn	Holsterhausen
with sub-branches	1975	1958	Kray
Geestemünde	Dormagen	Duisburg-Homberg	Kupferdreh
Lehe	1967	1969	Rüttenscheid
Bremervörde	Dorsten	Duisburg-Rheinhausen	Steele
1961	1964	1961	Viehofer Platz
Bruchsal	Dortmund	Duisburg-Ruhrort	Wasserturm
1968	1904 (1878)	1960	Essen-Kettwig
Brühl (Cologne district)	with sub-branches	Duisburg-Walsum	1974
1969	Aplerbeck	1965 (1954)	Esslingen
Brunsbüttel	Brackel	Eckernförde	1965
1962	Hörde	1960	Ettlingen
Brunswick:	Hohe Strasse	Ehingen (Danube)	1967
see Braunschweig	Hombruch	1980	Euskirchen
Bückeberg	Kaiserstrasse	Einbeck	1960
1954 (1856)	Königswall	1969	Fellbach (Württ.)
Bünde	Mengede	Eislingen	1960
1961	Münsterstrasse	1975	Flensburg
Burgdorf	Ruhrallee	Elmshorn	1955
1970	Dreieich	1953	with sub-branches
Butzbach	1968	Emden	Industriegebiet
1967	Dülmen	1920	( <i>industrial estate</i> )
Buxtehude	1968	with sub-branch	Mürwik
1972	Düren	Rathausplatz	Südermarkt
Celle	1959	Emmendingen	Frankenthal (Palatinate)
1961	Düsseldorf	1978	1963
Cloppenburg	1903 (1889)	Emmerich	Frankfurt
1961	with sub-branches	1965 (1951)	1856
Coburg	Am Hafen	with paying office	with sub-branches
1971	Am Hauptbahnhof	Elten	Adickesallee
Coesfeld	Brehmplatz	Emsdetten	Alt-Bornheim
1961	Eller	1970	Am Eschenheimer Tor
Cologne:	Friedrichstrasse	Enger	Am Opernplatz
see Köln	Garath	1967	Bockenheim
Constance:	Gerresheim	Ennepetal	Bornheim
see Konstanz	Golzheim	1965	Dornbusch
Cuxhaven	Grafehberger Allee	Erkelenz	Flughafen ( <i>airport</i> )
1921	Heerd	1967	Galluswarte
Dachau	Heinrichstrasse	Erkrath	Hanauer Landstrasse
1968	Holthausen	1967	Hauptwache
Darmstadt	Kaiserswerth	Erlangen	Kaiserstrasse
1957	Karolingerplatz	1972	Oederweg
with sub-branches	Königsallee	Eschborn	Platz der Republik
Arheilgen	Nordstrasse	1975	Rödelheim
Karlstrasse	Oberbilk	Eschwege	Römerberg
Delmenhorst	Oberkassel	1908 (1830)	(paying office)
1954	Rath	Eschweiler	Sachsenhausen
Detmold	Reisholzer Strasse	1968	Schwanheim
1961	Schadowstrasse		Wächtersbacher
	Unterrath		Strasse
	Wersten		Zeil
	Worringer Platz		Frankfurt-Höchst
	Düsseldorf-Benrath		1899
	1968		

Frechen 1960	Göttingen 1923 (1850) with sub-branches Eichendorffplatz Weende	Neugraben Osdorf Osterstrasse Othmarschen Rahlstedt Rothenburgsort St. Georg St. Pauli Schnelsen Uhlenhorst Volksdorf Wandsbek Wilhelmsburg Winterhude	Helmstedt 1951 with sub-branch Gröpern
Freiburg (Breisgau) 1960 with sub-branch Rathausgasse	Goslar 1929 (1907)	Hamburg-Altona 1910 (1872)	Hemer 1968
Freilassing 1980	Greven (Westphalia) 1961	Hamburg-Bergedorf 1953	Hemmingen 1965
Freudenstadt 1980	Grevenbroich 1960	Hamburg-Harburg 1922	Hennef (Sieg) 1966
Friedberg (Hesse) 1929	Gross Gerau 1968	Hameln 1960	Herford 1920 (1873) with sub-branch Alter Markt
Friedrichshafen 1967	Gütersloh 1965	Hamm (Westphalia) 1904 with sub-branch Marktplatz	Herne 1958
Fürth (Bavaria) 1899 (1872) with sub-branches Komotauer Strasse Waldstrasse	Gummersbach 1919 (1870)	Hannover ( <i>Hanover</i> ) 1907 (1826) with sub-branches Am Klagesmarkt Am Kröpcke Am Küchengarten Am Steintor Buchholz Herrenhausen Kirchrode Lister Meile Misburg Sallstrasse Südstadt Vahrenwald Vier Grenzen Wüfel	Herne-Wanne 1918 (1906) with sub-branch Eickel
Fulda 1954	Haan (Rhineland) 1967	Hanau 1909 with sub-branch Grossauheim	Herten 1961
Garbsen 1965	Hagen 1900 (1858) with sub-branches Haspe Mittelstrasse Wehringhausen	Haltern (Westphalia) 1974	Herten-Westerholt 1968
Garmisch-Partenkirchen 1969	Hagen-Hohenlimburg 1954 with sub-branch Elsey	Halver 1959	Herzberg 1965
Geesthacht 1974	Haltern (Westphalia) 1974	Hamburg 1870 with sub-branches Altstadt Am Hafen Barmbek Billstedt Blankenese Bramfeld Dehnhaide Eidelstedt Eilbek Eimsbüttel Eppendorf Esplanade Freihafen ( <i>free port</i> ) Fuhlsbüttel Gänsemarkt Geschäftsstadt Nord Grindelberg Hamm Hammerbrook Hoheluft Lokstedt Lurup Messberg Mittelweg Mundsburg	Herzogenrath 1975
Geislingen (Steige) 1974	Halver 1959	Hannover ( <i>Hanover</i> ) 1907 (1826) with sub-branches Am Klagesmarkt Am Kröpcke Am Küchengarten Am Steintor Buchholz Herrenhausen Kirchrode Lister Meile Misburg Sallstrasse Südstadt Vahrenwald Vier Grenzen Wüfel	Hilden 1919
Gelsenkirchen 1918 (1906) with sub-branches Am Stern Erle Horst Neustadt	Hamburg 1870 with sub-branches Altstadt Am Hafen Barmbek Billstedt Blankenese Bramfeld Dehnhaide Eidelstedt Eilbek Eimsbüttel Eppendorf Esplanade Freihafen ( <i>free port</i> ) Fuhlsbüttel Gänsemarkt Geschäftsstadt Nord Grindelberg Hamm Hammerbrook Hoheluft Lokstedt Lurup Messberg Mittelweg Mundsburg	Hildesheim 1929 with sub-branches Dammstrasse Marienburger Platz Zingel	Hildesheim 1929 with sub-branches Dammstrasse Marienburger Platz Zingel
Gelsenkirchen-Buer 1920	Hamburg 1870 with sub-branches Altstadt Am Hafen Barmbek Billstedt Blankenese Bramfeld Dehnhaide Eidelstedt Eilbek Eimsbüttel Eppendorf Esplanade Freihafen ( <i>free port</i> ) Fuhlsbüttel Gänsemarkt Geschäftsstadt Nord Grindelberg Hamm Hammerbrook Hoheluft Lokstedt Lurup Messberg Mittelweg Mundsburg	Hockenheim 1973	Hockenheim 1973
Gevelsberg 1912 with sub-branch Zentrum ( <i>downtown</i> )	Hamburg 1870 with sub-branches Altstadt Am Hafen Barmbek Billstedt Blankenese Bramfeld Dehnhaide Eidelstedt Eilbek Eimsbüttel Eppendorf Esplanade Freihafen ( <i>free port</i> ) Fuhlsbüttel Gänsemarkt Geschäftsstadt Nord Grindelberg Hamm Hammerbrook Hoheluft Lokstedt Lurup Messberg Mittelweg Mundsburg	Hof (Saale) 1968	Hof (Saale) 1968
Giessen 1906	Hamburg 1870 with sub-branches Altstadt Am Hafen Barmbek Billstedt Blankenese Bramfeld Dehnhaide Eidelstedt Eilbek Eimsbüttel Eppendorf Esplanade Freihafen ( <i>free port</i> ) Fuhlsbüttel Gänsemarkt Geschäftsstadt Nord Grindelberg Hamm Hammerbrook Hoheluft Lokstedt Lurup Messberg Mittelweg Mundsburg	Hofheim (Taunus) 1967	Hofheim (Taunus) 1967
Gifhorn 1961	Hamburg 1870 with sub-branches Altstadt Am Hafen Barmbek Billstedt Blankenese Bramfeld Dehnhaide Eidelstedt Eilbek Eimsbüttel Eppendorf Esplanade Freihafen ( <i>free port</i> ) Fuhlsbüttel Gänsemarkt Geschäftsstadt Nord Grindelberg Hamm Hammerbrook Hoheluft Lokstedt Lurup Messberg Mittelweg Mundsburg	Holzminden 1923 (1884)	Holzminden 1923 (1884)
Gladbeck 1960	Hamburg 1870 with sub-branches Altstadt Am Hafen Barmbek Billstedt Blankenese Bramfeld Dehnhaide Eidelstedt Eilbek Eimsbüttel Eppendorf Esplanade Freihafen ( <i>free port</i> ) Fuhlsbüttel Gänsemarkt Geschäftsstadt Nord Grindelberg Hamm Hammerbrook Hoheluft Lokstedt Lurup Messberg Mittelweg Mundsburg	Hoya (Weser) 1954 (1927)	Hoya (Weser) 1954 (1927)
Glinde 1970	Hamburg 1870 with sub-branches Altstadt Am Hafen Barmbek Billstedt Blankenese Bramfeld Dehnhaide Eidelstedt Eilbek Eimsbüttel Eppendorf Esplanade Freihafen ( <i>free port</i> ) Fuhlsbüttel Gänsemarkt Geschäftsstadt Nord Grindelberg Hamm Hammerbrook Hoheluft Lokstedt Lurup Messberg Mittelweg Mundsburg	Husum 1959	Husum 1959
Glückstadt 1968	Hamburg 1870 with sub-branches Altstadt Am Hafen Barmbek Billstedt Blankenese Bramfeld Dehnhaide Eidelstedt Eilbek Eimsbüttel Eppendorf Esplanade Freihafen ( <i>free port</i> ) Fuhlsbüttel Gänsemarkt Geschäftsstadt Nord Grindelberg Hamm Hammerbrook Hoheluft Lokstedt Lurup Messberg Mittelweg Mundsburg	Idar-Oberstein 1963 with sub-branch Edelsteinbörse ( <i>jewelry exchange</i> )	Idar-Oberstein 1963 with sub-branch Edelsteinbörse ( <i>jewelry exchange</i> )
Goch 1967	Hamburg 1870 with sub-branches Altstadt Am Hafen Barmbek Billstedt Blankenese Bramfeld Dehnhaide Eidelstedt Eilbek Eimsbüttel Eppendorf Esplanade Freihafen ( <i>free port</i> ) Fuhlsbüttel Gänsemarkt Geschäftsstadt Nord Grindelberg Hamm Hammerbrook Hoheluft Lokstedt Lurup Messberg Mittelweg Mundsburg		
Göppingen 1959	Hamburg 1870 with sub-branches Altstadt Am Hafen Barmbek Billstedt Blankenese Bramfeld Dehnhaide Eidelstedt Eilbek Eimsbüttel Eppendorf Esplanade Freihafen ( <i>free port</i> ) Fuhlsbüttel Gänsemarkt Geschäftsstadt Nord Grindelberg Hamm Hammerbrook Hoheluft Lokstedt Lurup Messberg Mittelweg Mundsburg		

Idstein (Taunus) 1975	Kirchheim (Teck) 1968	Langen (Hesse) 1967	Lünen 1958
Ingelheim 1973	Kirn (Nahe) 1968	Langenfeld (Rhineland) 1962	Maintal-Dörnigheim 1973
Ingolstadt 1963 with sub-branch Ingolstadt-Nord	Kleve 1918 (1889)	Langenhagen 1965	Mainz 1914 (1890) with sub-branches Am Dom Rheinallee
Iserlohn 1905 (1838) with sub-branch Schillerplatz	Koblenz 1961 with sub-branch Bahnhofplatz	Lauf 1976	Mainz-Kastel 1929 (1920)
Iserlohn-Letmathe 1969	Köln ( <i>Cologne</i> ) 1907 (1869) with sub-branches Barbarossaplatz Braunsfeld	Leer (East Friesland) 1962	Mannheim 1921 with sub-branches Käfertal Kaiserring Lindenhof Neckarau Neckarstadt Sandhofen Waldhof
Itzehoe 1966	Chlodwigplatz Ehrenfeld	Lemgo 1954	Marburg (Lahn) 1906
Jülich 1971	Hohenzollernring Hohe Strasse Kalk	Lennestadt 1960	Marl-Hüls 1955
Kaarst 1980	Lindenthal Neumarkt	Leonberg 1965	Mayen 1954
Kaiserslautern 1961	Neusser Strasse Rodenkirchen Sülz	Leverkusen 1958	Meerbusch-Büderich 1968
Kaltenkirchen 1970	Weidenpesch Zollstock	Limburg (Lahn) 1957	Meerbusch-Osterath 1969
Kamen 1962	Köln-Mülheim 1962	Lingen (Ems) 1960	Memmingen 1969
Kamp-Lintfort 1967	Königstein (Taunus) 1974	Lippstadt 1961	Menden 1972
Karlsruhe 1953 with sub-branches Am Mühlburger Tor Durlach Mühlburg	Konstanz ( <i>Constance</i> ) 1961 with sub-branch Petershausen	Lörrach (Baden) 1962	Meppen 1961
Kassel 1908 (1881) with sub-branches Bettenhausen Friedrich-Ebert-Strasse	Korbach 1967	Lohne 1973	Meschede 1971
Kaufbeuren 1967 with sub-branch Neugablonz	Krefeld 1905 (1859) with sub-branches Hochstrasse Ostwall	Ludwigsburg 1958	Mettmann 1962
Kelkheim (Taunus) 1968	Krefeld-Hüls 1968	Ludwigshafen (Rhine) 1960	Metzingen 1974
Kempen (Lower Rhine) 1961	Krefeld-Uerdingen 1959	Lübbecke 1966	Minden 1968
Kempten 1973	Kreuztal 1959	Lübeck 1918 (1862) with sub-branches Am Schlachthof Fackenburger Allee Geniner Strasse Marli	Mölln 1982
Kiel 1905 with sub-branches Arndtplatz Gaarden Holtenauer Strasse Nord Holtenauer Strasse Süd Kirchhofallee Wellingdorf	Kulmbach 1974	Lübeck-Travemünde 1961 with paying office Skandinavienkai	Mönchengladbach 1898 (1871) with sub-branches Hauptbahnhof ( <i>main station</i> ) Headquarters Rheindahlen
	Laatzen (Hanover) 1965	Lüdinghausen 1968	Mönchengladbach-Rheydt 1905 with sub-branch Odenkirchen
	Lahr 1968	Lüneburg 1959	
	Landau (Palatinate) 1968		
	Landshut 1967		

Moers 1959	Neuss 1952 with sub-branch Dreikönigenstrasse	Oldenburg (Oldb.) 1920 with paying office Grossmarkt	Ravensburg 1971
Mühdorf (Inn) 1968	Neustadt (Holstein) 1974	Olpe 1968	Recklinghausen 1919 (1904) with sub-branch Recklinghausen-Süd
Mühlheim (Main) 1967	Neustadt (Weinstrasse) 1961	Olsberg 1965	Rees 1965 (1962)
Mülheim (Ruhr) 1918 (1889) with sub-branch Speldorf	Neu-Ulm 1967	Opladen 1961	Regensburg 1965
München ( <i>Munich</i> ) 1910 (1876) with sub-branches Asamhof Baldeplatz Berg-am-Laim Fraunhoferstrasse Grosshadern Hauptbahnhof ( <i>main station</i> )// Marsstrasse Herkomerplatz Hohenzollernstrasse Ingolstädter Strasse Laim Leopoldstrasse Lerchenauer Strasse Lindwurmstrasse MAN-Allach Moosach Nymphenburger Strasse Pasing Reichenbachplatz Riesenfeldstrasse Rosenheimer Platz Rotkreuzplatz Schleissheimer Strasse Schwanthalerstrasse Thalkirchner Strasse Thomasiusplatz	Neuwied 1960 Niebüll 1966 Nienburg (Weser) 1954 (1938) Norden 1966 Nordenham 1921 (1907) Norderstedt 1962 Nordhorn 1953 Northeim (Hanover) 1960 Nürnberg ( <i>Nuremberg</i> ) 1899 (1872) with sub-branches Friedrich-Ebert-Platz Gibitzenhof Königstrasse Kopernikusplatz Langwasser Plärrer Schweinau Stresemannplatz	Osnabrück 1906 with sub-branches Bramscher Strasse Johannisstrasse Lotter Strasse Schützenstrasse Osterholz-Scharmbeck 1966 Osterode (Harz) 1929 (1872) Ottobrunn 1979 Paderborn 1909 (1881) with sub-branch Schloss Neuhaus Papenburg 1967 Passau 1968 Peine 1921 (1900) Pforzheim 1960 Pfungstadt 1969 Pinneberg 1957 Pirmasens 1955 (1908) Plettenberg 1921 Pulheim 1980 Pullach 1969 Quickborn (Holstein) 1975 Radevormwald 1965 Rastatt 1962 Ratingen 1967 Ratingen-Lintorf 1974	Reinbek (near Hamburg) 1959 Remscheid 1903 (1898) with sub-branches Alleestrasse Handweiser Hasten Remscheid-Lennep 1961 Remscheid- Lüttringhausen 1961 Rendsburg 1960 Reutlingen 1954 (1930) Rheda-Wiedenbrück 1959 with sub-branch Berliner Strasse Rhede (near Bocholt) 1968 Rheine 1921 Rheinfelden 1975 Rietberg 1968 Rosenheim 1972 Rotenburg (Wümme) 1976 Rottweil 1974 Rüdesheim 1968 Rüsselsheim 1965 Saarburg (near Trier) 1967 Salzgitter-Lebenstedt 1958 St. Georgen 1976 Sarstedt 1962
Münster (Westphalia) 1919 with sub-branches Hammer Strasse Hansaring Warendorfer Strasse	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		
Nettetal-Lobberich 1960			
Neuburg (Danube) 1976			
Neuenkirchen (near Rheine) 1968			
Neuenrade 1967			
Neu-Isenburg 1919			
Neumünster 1907			



Schleswig 1962	Stolberg 1920	VS-Schwenningen 1969	Wildeshausen 1974
Schneverdingen 1970	Straubing 1966	VS-Villingen 1969	Wilhelmshaven 1954
Schöningen 1960	Stuttgart 1919 (1885)	Voerde-Friedrichsfeld 1965 (1959)	with sub-branch Gökerstrasse
Schorndorf 1977	with sub-branches Degerloch Feuerbach	Wahlstedt 1973	Winsen (Luhe) 1970
Schwabach 1967	Marienplatz Ostendplatz	Waldbröl 1968	Wipperfürth 1975
Schwäbisch Gmünd 1968	Rosenbergplatz Rotebühlplatz	Waldkraiburg 1971	Wissen (Sieg) 1967
Schwalbach (Taunus) 1974	Schloss-Strasse Untertürkheim	Walsrode 1961	Witten 1921
Schweinfurt 1963	Vaihingen a. F. Wangen	Warburg 1917 (1896)	Wolfenbüttel 1967
Schwelm 1951	Weilimdorf Zuffenhausen	Wedel (Holstein) 1955	Wolfsburg 1958
Schwerte (Ruhr) 1959 (1928)	Stuttgart-Bad Cannstatt 1956	Wegberg 1974	with sub-branches Detmerode Kästorf Tiergartenbreite
Schwetzingen 1969	Trier 1959	Weiden (Upper Palatinate) 1969	Worms 1928
Siegburg 1960	Troisdorf 1965	Weil (Rhine) 1970	Würselen 1969
Siegen 1919	Tübingen 1958	Weinheim (Bergstrasse) 1961	Würzburg 1961
with sub-branches Eiserfeld Kaan-Marienborn Weidenau	Tuttlingen 1975	Werdohl 1923	Wunstorf 1961
Simmerath 1982	Uelzen 1919	Wermelskirchen 1909 (1893)	Wuppertal 1911 (1754)
Sindelfingen 1962	Uetersen (Holstein) 1961	Wertheim 1979	with sub-branches Cronenberg Friedrich-Ebert-Strasse Langerfeld Oberbarmen Ronsdorf Unterbarmen Vohwinkel Wichlinghausen
Singen (Hohentwiel) 1967	Ulm (Danube) 1963	Wesel 1965 (1920)	Wuppertal-Barmen 1867 (1810)
Sinsheim 1969	Unna 1959	Wesseling 1967	with sub-branch Werth
Soest 1961	Unterföhring (near Munich) 1967	Westerland (Sylt) 1961	Xanten 1965
Solingen 1903 (1900)	Varel (Oldenb.) 1961	Wetter-Wengern (Ruhr) 1970	Zirndorf 1970
with sub-branch Höhscheid	Vechta 1961	Wetzlar 1906	
Solingen-Ohligs 1903 (1899)	Velbert 1919 (1880)	Weyhe-Kirchweyhe 1954 (1923)	
Solingen-Wald 1960	Velbert-Langenberg 1953	Weyhe-Leeste 1954 (1928)	
Speyer 1975	Verden (Aller) 1970	Wiehl (Cologne district) 1962	
Sprockhövel 1967	Versmold 1962	Wiesbaden 1898 (1860)	
Stade 1954 (1920)	Viernheim 1973	with sub-branches Biebrich Bismarckring Bleichstrasse Kirchgasse Rheinstrasse	Bonn Liaison Office: 124-132 Reuterstrasse (Bonn Centre) D-5300 Bonn
Stadtallendorf 1967	Viersen 1954		
Steinhagen 1965	Viersen-Dülken 1968		

## Foreign Branches

### Belgium

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

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

### France

Commerzbank Aktiengesellschaft  
Succursale de Paris  
Managers: Hansjörg Braun,  
Dr. Alexander Himmighoffen  
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F-75065 Paris (France)

### Hong Kong

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

### Japan

Commerzbank Aktiengesellschaft  
Tokyo Branch  
Managers: Hans Dieter Brammer,  
Rainer H. Wedel  
Nippon Press Centre  
2-2-1 Uchisaiwaicho, Chiyoda-ku  
Tokyo 100-91 (Japan)

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

### Spain

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

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

### United Kingdom

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

### USA

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

Commerzbank Aktiengesellschaft  
Chicago Branch  
Managers: Hermann Bürger,  
Michael W. Kelly  
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Chicago, IL 60603 (USA)

Commerzbank Aktiengesellschaft  
Atlanta Agency  
Manager: Norbert Nusch  
2 Peachtree Street, N.W., Suite 1010  
Atlanta, GA 30383 (USA)

Commerzbank Aktiengesellschaft  
Los Angeles Office  
Manager: Helmut M. Weidenbach  
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Los Angeles, CA 90017 (USA)

**Subsidiaries and Related Banks**

(Majority holdings)

**Domestic Holdings**

**BERLINER COMMERZBANK AG**

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

Sub-branches:

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

**RHEINISCHE HYPOTHEKENBANK AG**

Frankfurt · Cologne · Mannheim  
Head Office:  
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**COMMERZ-CREDIT-BANK  
AKTIENGESELLSCHAFT EUROPARTNER**

4 Faktoreistrasse, D-6600 Saarbrücken,  
with 8 branch offices in Saarland.

**VON DER HEYDT-KERSTEN & SÖHNE**

7/9 Neumarkt, D-5600 Wuppertal-Elberfeld

**Ilse Bank, Sandow & Co.**

28 Braunschweiger Strasse, D-3150 Peine

**COMMERZ- UND INDUSTRIE-LEASING GMBH**

1 Neue Mainzer Strasse, D-6000 Frankfurt

**COMMERZBANK FONDS-VERWALTUNGS-  
GESELLSCHAFT MBH (COFO)**

25 Breite Strasse, D-4000 Düsseldorf

**Foreign Holdings**

**COMMERZBANK INTERNATIONAL S.A.**

11 rue Notre-Dame  
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**COMMERZBANK (NEDERLAND) N.V.**

571-573 Herengracht  
NL-1017 CD Amsterdam,  
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**COMMERZBANK (SOUTH EAST ASIA) LTD.**

Tower 40, DBS Building  
6 Shenton Way  
Singapore 0106

**COMMERZBANK (SWITZERLAND) LTD**

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#### Argentina, Chile, Paraguay, Uruguay

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Representante del Commerzbank AG  
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#### Australia, New Zealand

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Commerzbank Rio de Janeiro Serviços Ltda.  
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Toronto, Ontario M5J 2J4 (Canada)

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Representative Office Beijing/Peking  
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8-4 Citic International Building (8th floor)  
19 Jianguomenwai Dajie  
Beijing (People's Republic of China)

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

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

#### Egypt, Sudan, Ethiopia

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

#### Indonesia

Representative Office for Indonesia  
Gottfried Bär  
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Tehran 15 (Iran)

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Nippon Press Centre Building, 6th floor  
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#### Mexico, Central America, Caribbean Islands

Representación en México  
Alexander Gregor  
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Manama (Bahrain)

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#### USSR

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Rainer Goischke  
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Apartado de Correos 5074  
Caracas 1010 A (Venezuela)

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

Belgium

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

Brazil

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

Egypt

Misr International Bank S.A.E., Cairo

Finland

Teollistamisrahasto Oy-  
Industrialization Fund of Finland Ltd., Helsinki

Indonesia

P.T. Finconesia Financial Corporation  
of Indonesia, Jakarta

Luxembourg

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

Morocco

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

Netherlands

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

Netherlands Antilles

Commerzbank Overseas  
Finance N.V., Curaçao

Saudi Arabia

The Saudi Investment Bank, Riyadh

Singapore

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

South Korea

Korea International Merchant Bank, Seoul

Spain

Banco Hispano Americano S.A.,  
Madrid

Switzerland

Commerzbank (Switzerland) Ltd,  
Zurich

Finance Company VIKING, Zurich

Thailand

Mithai Europartners  
Finance and Securities Company Ltd.,  
Bangkok

United Kingdom

International Commercial Bank PLC, London

USA

Commerzbank U.S. Finance, Inc.,  
Delaware  
EuroPartners Securities Corporation,  
New York

\*) A graph on pages 80/81 states the equity of these companies and Commerzbank's stake in each of them.

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# The International Presence of the Europartners

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

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The Europartners in Europe

page 101

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The Europartners Overseas

pages 99 / 100

# The Europartners Overseas



The Europartners in Europe" see overleaf





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# The Europartners in Europe

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# Europartners Highlights<sup>1)</sup>

## BANCO DI ROMA

	Mid-1985	Mid-1984	Change
Balance Sheet Total	Lire 50,481 billion	Lire 36,740 billion	+ 37.4%
Deposits	Lire 41,252 billion	Lire 30,666 billion	+ 34.5%
Capital and Reserves	Lire 1,359 billion	Lire 1,258 billion	+ 8.0%
Branches	350	348	+ 0.6%
Number of Accounts	1,216,300	1,326,200	- 8.3%
Staff	14,467	14,666	- 1.4%

## BANCO HISPANO AMERICANO

	Year-end, 1985 <sup>2)</sup>	Year-end, 1984	Change
Balance Sheet Total	Ptas 2,041 billion	Ptas 2,091 billion	- 2.4%
Deposits	Ptas 1,797 billion	Ptas 1,855 billion	- 3.1%
Capital and Reserves	Ptas 84 billion	Ptas 84 billion	-
Branches	1,449	1,432	+ 1.2%
Number of Accounts	3,447,300	3,497,000	- 1.4%
Staff	15,776	16,507	- 4.4%

## COMMERZBANK

	Year-end, 1985	Year-end, 1984	Change
Balance Sheet Total	DM 82,607 million	DM 72,759 million	+ 13.5%
Deposits	DM 77,204 million	DM 68,078 million	+ 13.4%
Capital and Reserves	DM 3,336 million	DM 2,711 million	+ 23.1%
Branches	793	794	- 0.1%
Customers	2,338,300	2,282,300	+ 2.5%
Staff	21,922	20,742	+ 5.7%

## CREDIT LYONNAIS

	Year-end, 1985	Year-end, 1984	Change
Balance Sheet Total	Ffr 777,318 million	Ffr 785,309 million	- 1.0%
Deposits	Ffr 679,186 million	Ffr 697,814 million	- 2.7%
Capital and Reserves	Ffr 8,502 million	Ffr 6,455 million	+ 31.7%
Branches	2,295	2,279	+ 0.7%
Customers	4,289,400	4,132,700	+ 3.8%
Staff	45,777	45,850	- 0.2%

## The Group<sup>3)</sup>

	Year-end, 1985 <sup>4)</sup>	Year-end, 1984 <sup>4)</sup>	Change
Balance Sheets Sum Total	DM 447,782 million	DM 426,938 million	+ 4.9%
Deposits	DM 392,015 million	DM 379,525 million	+ 3.3%
Capital and Reserves	DM 9,583 million	DM 8,388 million	+ 14.2%
Branches	4,887	4,853	+ 0.7%
Staff	97,942	97,765	+ 0.2%

<sup>1)</sup> parent banks only;

<sup>2)</sup> provisional;

<sup>3)</sup> conversion made according to the official Frankfurt middle rates of the respective closing days;

<sup>4)</sup> Banco di Roma: mid-year figures.

