COMMERZBANK

Annual report 1999

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Commerzbank Group

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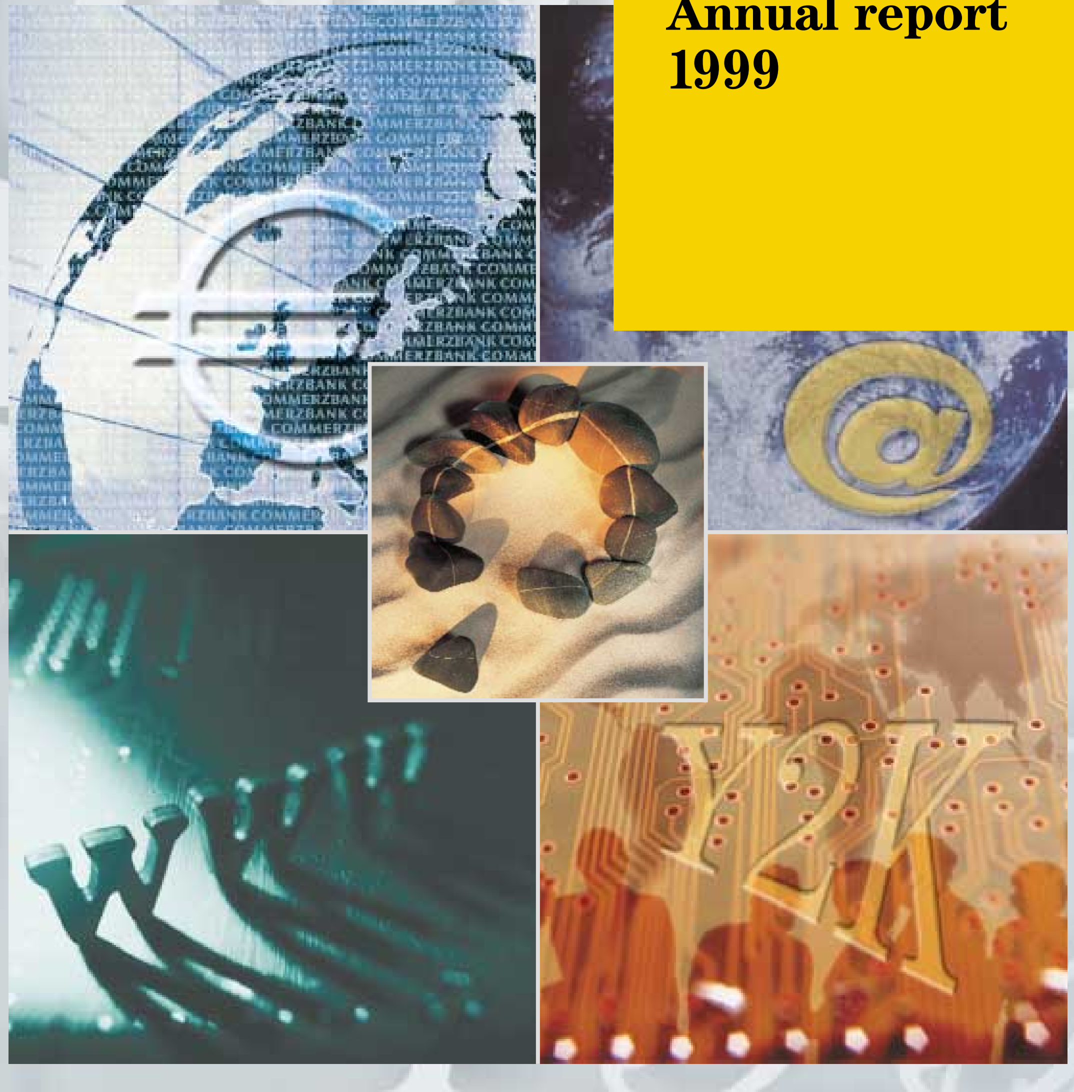

COMMERZBANK

Highlights of Commerzbank Group

	1999	1998	1997
Basic earnings per share (€)	1.83	1.91	1.51
Pre-tax earnings per share (€)	2.75	2.65	2.70
After-tax return on equity (%)	9.3	10.4	8.9
Cost/income ratio (%)	68.5	63.0	60.3
Share price (€)			
High	36.70	38.86	38.50
Low	24.04	20.68	19.20
Number of shares outstanding (million units)	513.6	496.1	464.0
Market capitalization (€ bn)	18.72	13.57	16.06
Long-term rating			
Moody´s Investors Service, New York	AA3	AA3	AA2
Standard & Poor´s, New York	AA-	AA-	AA-
Fitch IBCA, London	AA-	AA-	AA-
Staff	**34,870**	**32 593**	**30,446**
Germany	30,557	28,642	27,782
Abroad	4,313	3,951	2,664
Balance-sheet total (€ m)	372,040	326,211	274,431
Risk-weighted assets according to BIS (€ m)	187,709	172,117	140,472*
Equity (€ m)	11,141	10,060	8,765
Subscribed capital (€ m)	1,335	1,267	1,185
Core capital ratio according to BIS (%)	6.3	6.3	5.9
Overall capital ratio according to BIS (%)	9.7	8.7	9.5
Income statement (€ m)			
Net interest income	3,207	3,104	3,349
Provision for possible loan losses	-689	-881	-953
Net interest income after provisioning	2,518	2,223	2,396
Net commission income	2,193	1,671	1,457
Trading profit	592	413	288
Result on financial investments	595	553	248
Operating expenses	4,476	3,612	3,172
Other operating result	-51	-8	-78
Pre-tax profit	**1,371**	**1,240**	**1,139**
Taxes	396	298	489
After-tax profit	**975**	**942**	**650**
Minority interests	-64	-50	-10
Net profit	**911**	**892**	**640**

* excl. market-price risks

Annual Report 1999

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Dr. h.c. Martin Kohlhaussen
Chairman of the Board
of Managing Directors

Dear shareholders,

Keeping Commerzbank on course remains our objective, and this we did successfully in 1999 as well. However, in times when the economy is undergoing dramatic upheavals, navigation is not easy, as fixed points become ever more difficult to find.

Globalization and the internet revolution are the most important developments on the threshold of the twenty-first century. For us in the financial domain, they pose a double challenge. On the one hand, such secular changes require us to be especially careful as regards risk management; structural change in the economy also entails considerable and often existential threats to our customers. On the other hand, exceptionally good opportunities arise, as flexibility and the concentration of energies on selected strategic goals increasingly replace size and tradition as the crucial factors behind success in banking.

A detailed risk report (see p. 15ff.) shows you how we quantify, limit and systematically manage risks. The need to form lower value adjustments in 1999 confirms that we are obviously on the right path here. Our lighter risk burden and the marked improvements in commissions and proprietary trading enabled us to approve additional investment programmes in the course of the year, some of which have already been realized.

We are guided by the following maxims, as successful banking means for us today:

- efficient information management given the enormous flood of data,
- constantly updated risk control,
- a competitive cost structure and
- stronger selling potential for banking products whose brand identity provides customers with a convincing idea of product quality and their sound price/performance ratio.

Success does not depend, therefore, on the decision to be a universal bank or a specialist institution, and volume is only significant where economies of scale are still possible in terms of costs or earnings. We have concentrated our efforts and our investments on areas which improve our base with a view to the future. After the special projects of the past few years, e.g. the introduction of the euro and the Year 2000 issue, which caused high non-recurring costs, our non-personnel operating expenses could be expected to decline. But in view of the great challenges, we still need sizeable investment in technology and talent. However, we will make very sure that our costs are held within reasonable limits.

We have not let ourselves become infected by the merger mania gripping Europe's financial markets. We are continuing along our path to becoming a profitable, focused and integrated universal bank. In the future as well, we will maintain our own branch network with its established brand name in Germany; we do not intend to give up our nationwide presence, and certainly not our business with small to medium-sized firms. We continue to see our branch network as an important asset.

We intend to use all the important distribution channels in the future as well. In comdirect bank, we have Europe's largest direct broker. The formation of Commerz NetBusiness AG has also taken us a major step forward in e-commerce.

In our *Allfinanz* business – for insurance and home loan savings products – we prefer to work with partners that sell our products. At the same time, we are keen to have Commerzbank products, including ADIG funds, sold to a greater extent by third parties. This approach extends far beyond the national borders. Abroad in particular, and above all in Western Europe, we give cooperation priority over concentration. Here we seek exclusive agreements with selected providers of financial services. Such agreements are not based on loose declarations of intent, but rather on concrete business plans. This distinguishes our present strategic approach from the idea behind the "banking clubs" of the seventies, but also from the current strategies of some of our competitors.

In addition to cooperation agreements, Commerzbank's European strategy has other special features. These include the flexible use made of all strategic options in exploring markets in Central and Eastern Europe. We can now use the edge in expertise with regard to expansion into neighbouring markets in direct banking and e-commerce as well.

Commerzbank does not only react to the structural change in Europe's banking markets; it also plays a role in bringing it about. And by actively supporting new ideas and initiatives, we discover very promising business and strategic perspectives.

At our Annual General Meeting on May 26, 2000, for which we invite you once again to Frankfurt, we will be available to provide further explanations and to answer your questions. Should you be unable to attend, we urge you to have your shares represented by proxy. You will find more details on individual points of the agenda, such as the election of new members to the Supervisory Board, in the invitation to the AGM enclosed in this Annual Report.

In the coming years, our AGM will take place on May 25, 2001 and May 31, 2002 – both to be held in Frankfurt am Main.

End-March 2000

Yours

Martin Kohlhaussen

The Commerzbank Group's basic principles

The stone motif which appears on the cover of our Annual Report represents the core idea of our "Shaping the future initiative. It shows a broken circle of eleven stones; a twelfth lies ready to make the circle complete. The circle stands for perfection, for the shaped future, the ultimate form of the corporate culture that is our goal. This objective has not yet been achieved. The circle has to be closed and the future actively shaped. The background of the stone circle consists of sand – symbolizing an environment that is subject to change through various influences.

Strategic and organizational adjustment is not enough in order to cope successfully with the present times of far-reaching change in banking. Stocktaking and reorientation in terms of management and cooperation are needed as well. The questions which have to be answered are:

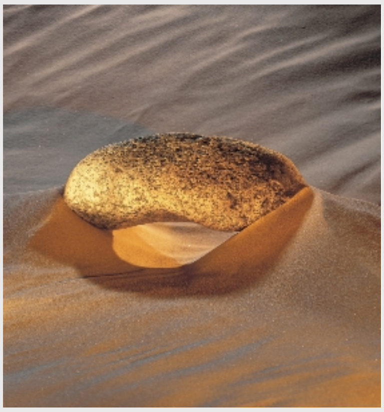
- How do we treat one another?
- Do we inside the Bank, among ourselves, also feel that we are providers of services?
- Are the efforts of each one of us applied at the point where they will have the optimal effect in terms of the Bank's overall performance?

Questions of this kind frequently do not receive sufficient attention in our day-to-day business, even though they are just as important for our success as professional expertise, individual commitment and a friendly approach to customers. We are convinced that by improving internal cooperation we can become even more successful.

For this reason, we have launched an internal dialogue and an exchange of views on this topic throughout the Bank under the motto "Shaping the future". In this connection, our basic principles of the Commerzbank Group were revised and updated by a team of young executives.

They describe the Bank's corporate culture, which has developed over 130 years of history and tradition. At the same time, they define for our customers and the society in which we live the standards by which we want to be judged.

Our relationship with our customers



The bridge symbolizes the relationship with our customers. Together with them, we want to find ways and means of reaching our goals – as reliable partners. The necessary qualifications and the right techniques are needed to build a stable bridge.

We are: **partners.**
Our relationship with our customers takes the form of an open and sincere cooperation, founded on trust. We know that our clients expect reliability and we behave accordingly.

We are: **innovators.**
We respond to ever more rapidly changing market conditions by creating innovative new products and financial services for the benefit of our customers.

We are: **initiators.**
We want our customers to be satisfied and to benefit from our activities. To this end, we take the initiative, providing products and financial services which reflect their particular needs.

We are: **experts.**
We provide advice that is based on our expertise and experience, using modern technology and communications systems. A friendly, personal approach is, of course, essential.

Our strategy

We are: present.
We view ourselves as a European bank. In Germany, we serve customers through a nationwide branch network. Elsewhere, we are present in selected locations with a combination of branches, representative offices and subsidiaries. We give equal status to all of these units, both at home and abroad. In the future, we shall continue to expand our presence – especially in Europe – through selective acquisitions, alliances, and the strategic use of alternative distribution channels.

We are: result-oriented.
Carefully managing opportunity and risk, we strive to maximize long-term profitability. This is essential to ensure an appropriate return on our shareholders' capital, the strengthening of our capital base so that we can take advantage of future growth opportunities, the development of new and profitable business areas, and the protection and creation of jobs.

We are: effective.
We are an integrated, "universal" bank. The close links between our commercial and investment banking activities reinforce our ability to provide even complex customized financial services from within the Group. In all areas of the Bank, we produce innovative solutions to meet the constant challenges of the market.

We are: independent.
Commerzbank AG, the parent company of the Commerzbank Group, is a publicly held German corporation, whose shares are widely traded in Germany and around the globe. A major goal for us is to ensure Commerzbank's operational independence.

This motif stands for the strategy which always outlines a path from the present situation to the targeted goal. Successful strategies are firm and safe; this is what the stones stand for. They provide support – above all in uncertain terrain. Future-oriented strategies are flexible. The stones stand for this as well. A given direction has been set; yet the individual stones could be laid differently. Strategies call for creativity, the readiness to innovate and the ability to get things done.

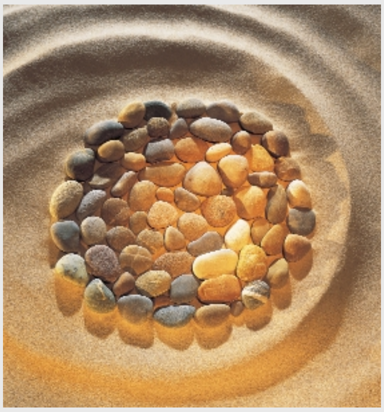
Our people

We are: fair.
Impartiality, fairness and acceptance of reasonable social considerations characterize the Bank's relationship with its employees. Effective team-working, based on a fair and frank exchange of views, is only possible thanks to partnership. We respect and encourage a diversity of opinions as the basis for a constructive dialogue.

We are: flexible.
The banking industry is undergoing transformation. We help our employees adapt to change and offer all performance-oriented and suitably qualified people equal opportunities as regards their career development. At the same time, we expect a high level of flexibility and a reasonable degree of mobility.

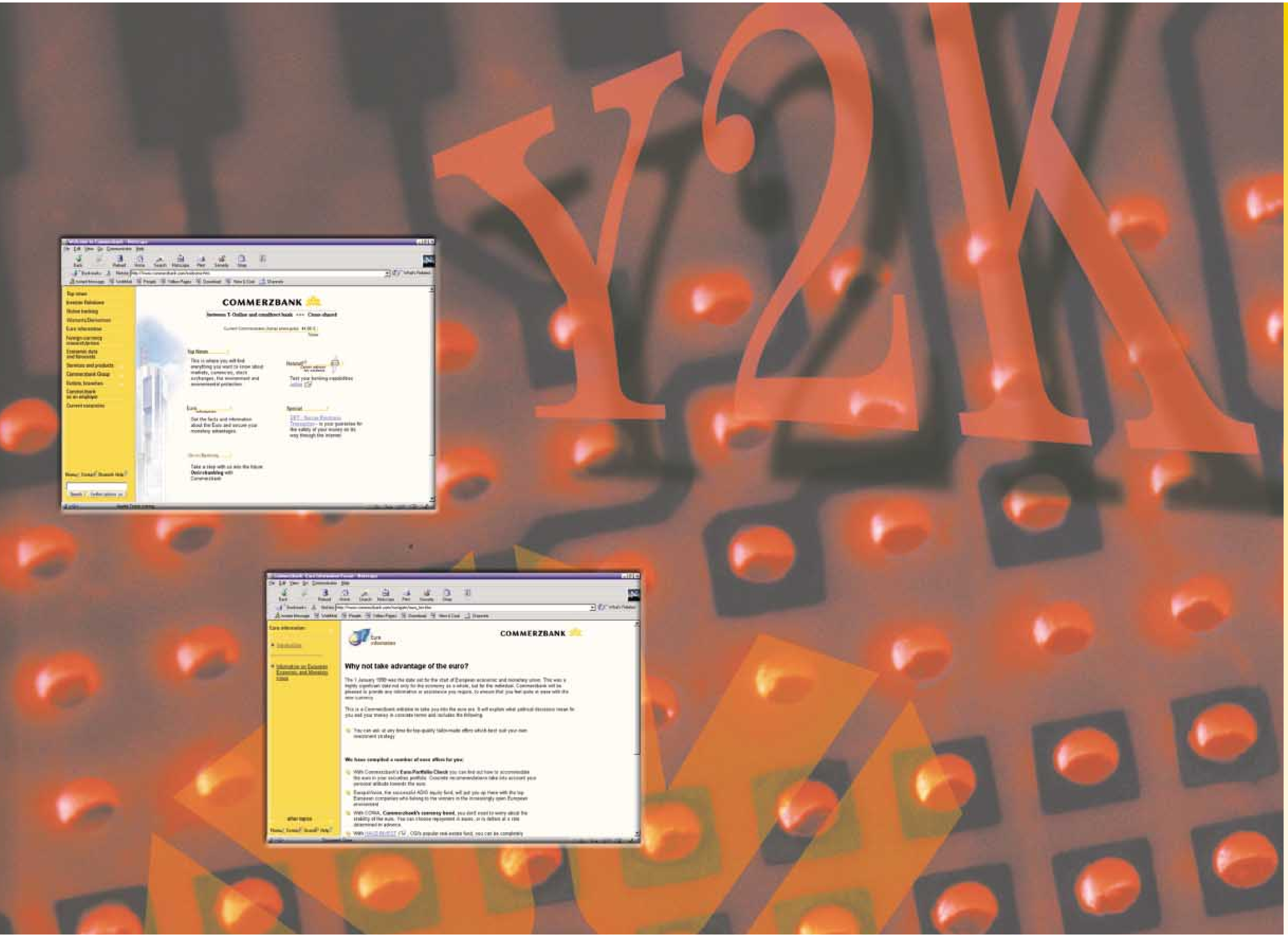
We are: goal-oriented.
Clearly defined goals are our Bank's most important leadership tool. These establish responsibilities and the scope which individuals need in order to develop. The assumption of tasks entails personal responsibility and the authority to act. We demand a high level of performance from our people. In return, we offer remuneration reflecting individual effort and the overall performance of the Bank.

We are: constructive.
Self-confidence, persistence and critical loyalty are our distinguishing features. If mistakes occur, problem-solving and damage control are the prime considerations, rather than a search for the party responsible. Even mistakes can teach us something.



"No two stones are identical." And this also holds true for our people. Nonetheless, together they represent an unmistakable unit. Commerzbank integrates greatly differing personalities and characters; it offers the relevant structures and scope for development.

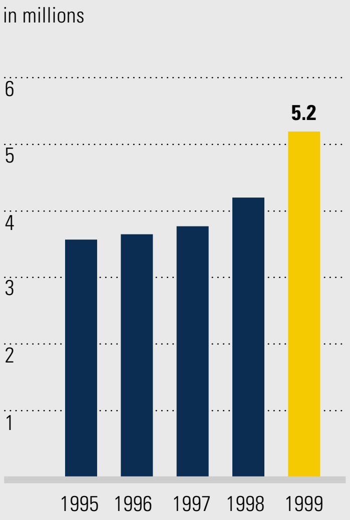
Survey of the Commerzbank Group



1999 was a year of large-scale investments in the future of the Commerzbank Group. For one thing, we spent about €300m for the so-called millennium change, which thanks to extensive preparations and numerous test runs went off smoothly. For another, we continued to boost our investment banking. Due not least to this business expansion, our risk-control instruments had to be adapted and extended to meet the minimum requirements for trading activities

Our solid operating income enabled us to make these sizeable investments for the future. In addition, the successes of our systematic credit risk management were felt significantly for the first time last year, as we were able to reduce our provisioning substantially from its year-earlier level.

Commerzbank Group's customers



Improved economic setting

After a weak start, the mood of German business altered last summer. In view of the sharp rise in manufacturing output and a marked improvement in business confidence, Germany's GDP registered strong expansion as from the third quarter, leading to growth of 1.5% for the year as a whole. However, the cyclical upswing was almost entirely fuelled by foreign orders. The euro-zone as such achieved economic growth of 2.2%.

We believe that the cyclical upturn in Germany and Western Europe will extend far beyond the year 2000. Monetary policy will continue to spur economic performance and world-economic conditions remain favourable. For the year 2000, we expect growth of 2.8% in Germany; at a good 3%, the rate for the euro area as a whole should be somewhat higher still. At long last, the jobless total is also declining; in Germany, the average level should be some 300,000 lower, with even 1.3 million fewer unemployed in the euro-zone. Except for the impact of higher oil prices, inflation will stay moderate. Under these circumstances, the European Central Bank need make only small increases in interest rates.

Double-digit expansion again in Group's balance-sheet total

The Commerzbank Group's balance-sheet total reached €372bn, 14% more than at end-1998. This growth was primarily due to the Parent Bank and our mortgage-bank subsidiaries. The appreciation of the US dollar and sterling against the euro also caused our balance-sheet total to rise by almost €8bn.

While we reduced our interbank lending by 14%, loans to customers were 10.5% higher at €204bn, the emphasis falling on the medium maturity bracket.

Strong additions to investments

Assets held for dealing purposes increased by 31.6% to just over €45bn; we lifted financial investments by 48.7% to almost €62bn. The item Investments rose by €2bn; the additions here were, above all, our newly acquired interests in Crédit Lyonnais (€350m) and Banca Intesa (a good €600m). We used roughly €300m in order to increase our shareholding in ADIG. In addition, we participated to the tune of €200m in a capital increase at Korea Exchange Bank.
The most significant disposal in our investments portfolio was the sale of our stake in DBV-Winterthur Holding.

Securitized liabilities most important source of funding

We financed the expansion of our assets by raising bank deposits by €5bn and above all securitized liabilities by €35bn. Accounting for 42% of the balance-sheet total, this item now represents our most important source of funds.

By contrast, our customers' deposits declined slightly by 2.7%. However, the 9% upward trend for savings deposits to €10.2bn remains encouraging.

With the allocation to reserves from the 1999 result and the consolidated profit included, our equity increased by 10.7% to altogether €11.1bn. €393m was added to the Bank's subscribed capital and capital reserve, in particular through the capital increase subscribed to by Mediobanca and the issue of shares to employees. The number of shares outstanding rose from 496.1m to 513.6m in the course of the year.

Healthy operative earnings – high expenses

In the consolidated income statement, the successful activities of our mortgage banks and Jupiter International Group deserve special mention. The development of comdirect bank also continues to be highly gratifying.

The net interest income of the Commerzbank Group before provisioning receded from quarter to quarter in 1999; overall, it reached €3.2bn, 3.3% more than in 1998. A dampening effect was exerted above all by the financing costs of our newly acquired or increased equity investments. Last year, no income was generated that could be set off against these large investments.

Provisioning much lower

We were able to reduce our provision for possible loan losses by 21.8% to €689m. In our domestic lending, the easing of the burden was mainly due to the 45% decline in the need for provisioning in Retail Banking. Here we are seeing the positive effects of the systematic steering of our loan portfolio, initiated several years ago. Thanks to our efficient risk management, we achieved similarly good results across the board in our business involving German corporate customers. However, the overall result was adversely affected by value adjustments, which we could not have foreseen, to two major credit exposures.

The easing of tension worldwide enabled us to reduce our allocations to provisions (including that for country risks) considerably in our international lending. In addition to the cyclical recovery, especially in the Asian emerging economies, clear guidelines for lending and the focus on low-risk business have more than halved the need for provisioning. Net interest income after provision for risks went up by 13.3% to €2.5bn.

Commission income encouragingly strong

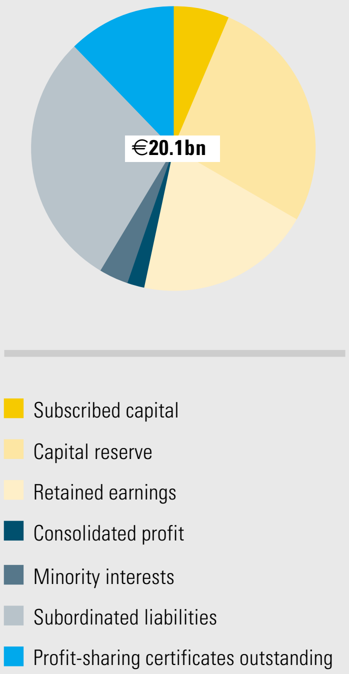
Our net commission income surged by 31.2% to €2.2bn. The highest growth rates were registered by underwriting business (+150%) and asset management (+100%), even though this does not include ADIG. The substantial improvement in our income from underwriting business is primarily attributable to our lively involvement in IPOs. Once again, more than 40% of the overall result for commissions came from securities business on behalf of our customers, which expanded by just over a fifth.

Structure of provision for possible loan losses

Commerzbank Group, € m	**1999**	1998	1997
Germany	–522	–395	–608
Abroad	–89	–394	–305
Global provision	–78	–92	–40
Total net provision	**–689**	**–881**	**–953**

Liable funds

Commerzbank Group, end-1999



Our trading result failed to maintain the encouraging trend of the first three quarters. For the last three months, we registered a minus of €16m, mainly due to revalued interest-rate risks in the Global Bonds area. All told, the trading profit of €592m is 43.3% higher than a year previously. Of this figure, dealing in equities accounted for €263m – compared with €97m in 1998; at €250m, trading in interest-rate risks contributed twice as much as in 1998. Foreign exchange, at €79m, produced less than half the income of the previous year; however, this decline was virtually inevitable after the introduction of the euro and the limited opportunities for trading in European currencies which this entailed.

The final quarter also brought a marked change of trend for the result on financial investments, but here it was positive. After registering no income to speak of in the first nine months, several good opportunities occurred towards year-end. As part of the reorganization of our *Allfinanz* activities, we disposed of our DBV-Winterthur shareholding to the Swiss CS Holding at a net profit of €200m. By realizing book gains on our investment portfolio and through trading on our securities portfolio of financial investments, we achieved altogether €595m, 7.6% more than in 1998.

Investment in staff and technology
The 16.3% rise to €2.4bn in our personnel expenses reflects the high level of recruitment, which was concentrated in Investment Banking, most of the expansion here occurring outside Germany. In the Parent Bank's foreign branches and also at our securities subsidiaries in New York and Tokyo, we registered a rise in personnel costs of between 50 and 150%; by contrast, the increase in the Bank's staff in Germany was less than 10%.

The numerous major projects that were needed caused another substantial rise in our other operating expenses. In 1999, we spent practically €1.7bn, just over a third more than a year earlier. Most of the rise in costs was due to information technology (+60%) and, in this connection, the expenses for external consultants and staff.

With depreciation on office furniture and equipment and also real property included, operating expenses rose 23.9% to €4.5bn.

The other operating result shows a minus of €51m, compared with -€8m in 1998. This item comprises, above all, allocations to reserves or write-backs not related to lending. Included in this amount is a figure in the double-digit millions which we have set aside as Commerzbank's contribution to the foundation set up by German business under the name "Remembering, Responsibility and Future".

Pre-tax profit up 10.6%
As the balance of all income and expense items, a pre-tax profit of €1,371m emerges; this represents a year-on-year increase of 10.6%.

The return on equity of 9.3% for the Commerzbank Group and a cost/income ratio of 68.5% shows that we are still some way off our medium-term targets.

Parent Bank's shareholdings of over 5%

Alno AG Pfullendorf	**29.4%**
Buderus AG Wetzlar	**10.0%**
Heidelberger Druckmaschinen AG Heidelberg	**9.9%**[1])
Linde AG Wiesbaden	**10.7%**
MAN AG Munich	**6.5%**[2])
PopNet Internet AG Hamburg	**13.9%**[2])
Sachsenring Automobiltechnik AG Zwickau	**10.0%**[2])
Salamander AG Kornwestheim	**10.7%**

1) held directly and indirectly
2) held indirectly
As of March 2000

Segment reporting reflects new divisions

We have presented the segment reporting in the Notes to this Annual Report (p. 80ff) such that it reflects the new corporate division structure which has been valid since this spring; the comparative figures for last year have been adjusted accordingly.

The largest profit contribution came from the Corporate Banking and Institutions division. However, at just over €6bn, it accounted for the largest share of the equity that was tied up; its cost/income ratio of 47.4% was below-average. In second place was Investment Banking, with a return on equity of 22.1% on just over €1.9bn of capital tied-up. The lowest cost/income ratio was achieved by the mortgage banks (21.3%), while the highest, at 82.3%, was registered for the Retail Banking and Real Estate division.

The geographical breakdown of our operating result (p. 83) reveals that we did not quite manage to match 1998's good figures in Germany and Europe. All the same, we generated 86% of our results there. As the Asian crisis had been overcome, we achieved a positive result again in this region as well; in Africa, our earnings doubled to €10m. The good work of our outlets in America is very evident; led by our New York branch, the result soared by 135% to €146m.

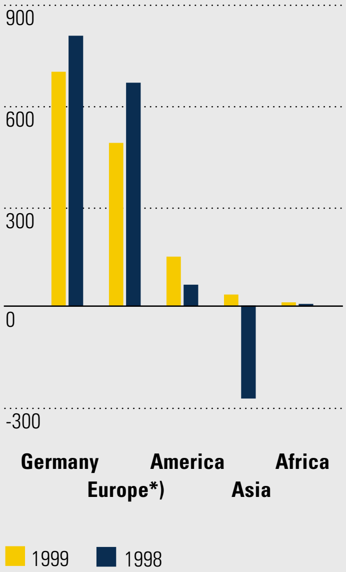
Large allocation to reserves and 80 cent dividend per share

Tax payments rose by a third to €396m. They underline the improvement in our operative result; what is more, we had lower tax-free income from abroad than in 1998. Once the tax item and the €64m profit attributable to minority interests have been deducted, we achieved a net profit of €911m.

We will use this, on the one hand, in order to allocate €500m to retained earnings, thus almost equalling last year's record amount. On the other, we wish to propose to the Annual General Meeting that a 4% higher dividend of €0.80 (plus a tax credit of €0.34) be paid for each Commerzbank share. Not least due to the increase in the number of our shares, the overall dividend payout will rise by 8.2% to €411m.

Regional breakdown of pre-tax profit

Commerzbank Group, € m



*) excl. Germany

Group management and services

In the corporate division Group Management, the Commerzbank Group's staff and management functions are concentrated. Among other things, the management of credit and market risks is located here, and also controlling; here the main strategic decisions are worked out and legal issues clarified. In addition, this division is responsible for the coordination of corporate communications and a modern personnel policy.

The corporate division Services provides information technology, payments transactions and back-up technology for securities business, which are used by all the units of the Bank.

Information technology for the bank of the future

Apart from the preparations for the year 2000, Commerzbank tackled several other major IT projects last year. The most prominent of these was the restructuring and fresh positioning of the Services division. Instead of individual products being supported on a parallel basis in several service areas, a process-oriented approach now prevails. A single unit is now responsible for initialization, implementation and software support. With the new service sections Transaction Banking, Information Technology Production and Information Technology Development, we have moved more into line with the market and are confident that greater efficiency and speed will permit us to cater even better for the needs of our clients. The new structure will also offer us opportunities for cooperations with external partners, which thanks to economies of scale will lead to higher profitability.

Security in e-commerce

The success of e-commerce will hinge crucially upon a high level of security being attained for its users. For this reason, Commerzbank has taken the initiative and has acquired an interest in TC Trust Center GmbH in Hamburg, a young, growing company active in the provision of internet identity authentication (certificates). Through this cooperation, we have met an important condition for membership of the Identrus organization. Since end-1999, Commerzbank has belonged to this global association of banks for creating a common infrastructure for safe e-commerce.

Exacting demands on settlement

The Global Operations service department is in charge of the central settlement of all traded products in Investment Banking as well as the handling of securities orders in Retail Banking. Last year was dominated, on the one hand, by activities triggered by the changeover to the euro and, on the other, by preparations for the millennium change. Numerous computer systems were adapted and over 1,000 workplaces were equipped with the latest computer hardware. As a result, we have simultaneously met the requirements of the banking supervisory authorities for all trading banks, namely that business activity should be maintained even if entire locations fail.

Securities transactions on behalf of retail customers – with comdirect bank included – soared by 32.3% in 1999 to reach 7.96m orders. This January, the number of bourse orders to be handled daily exceeded the 100,000 level for the first time. In 1.2m custody accounts, we currently hold and administer securities with a market value of roughly €225bn for customers of the Parent Bank; there was a year-on-year increase of 9% in the number of such accounts.

The similarly strong expansion of business volume in Investment Banking is indicated by the number of futures contracts which we handled on EUREX; they were 94% higher than in the previous year.

Risk report

In view of the special significance of risk in the financial sector, the Commerzbank Group has given high priority to its control and management. Increasing size and complexity, but also globalization, have caused the challenges for management posed by market and credit default risks in particular, and also the demand for risk reporting, to grow considerably.

We have ensured throughout that functions within the Group are separated in accordance with the minimum requirements for conducting trading transactions (MaH). The overall conditions were laid down and have been realized accordingly by the various units of the Bank.

Due to the global reach of the Group, the factors which have an impact on risk are constantly changing, calling for great flexibility at all levels of monitoring. In order to master the risks within the Group and also to be able to report on the given risk situation and the measures undertaken, the main systems for identifying, evaluating and monitoring risks have been set up and are constantly being improved and adjusted.

The goal of our business activities is to enhance the value of our company in the long run. We intend to lend solid support to this objective through efficient risk control. The present report is intended to provide extensive information on our ability to handle risks in a conscientious manner to the advantage of our shareholders.

Last year, we attached the greatest importance to improving risk control, both with regard to the regulatory requirements and in order to meet our own ambitious quality standards. Risk management calls for ever more complex techniques in order to recognize, steer and monitor in good time the various risks faced by the Group.

The bases for this Risk Report are to be found in the legislation for control and transparency in the corporate sector (KonTraG) and they are reflected in Art. 91, (2), German Stock Corporation Act – AktG, Art. 315, (1), German Commercial Code – HGB, and Art. 25a, German Banking Act – KWG. The International Accounting Standards (IAS) 30 and 32 entail similar requirements.

Our mortgage banks as well as comdirect and CommerzLeasing have developed risk-management systems of their own, which they are extending. While they produce their own risk reports, they are included in the consolidated reporting of the Risk Control and Credit Risk Management departments for certain types of risk.

Types of risk

Risk is defined as the possibility of losses, or of serious negative deviations from the forecast asset, financial and earnings position. Here a forecast period is assumed that is suitable for the respective type of risk. External influences also have to be taken into consideration insofar as they have specific effects on the Group.

We distinguish between the following categories of risk:

- Credit default risks
- Market risks
- Liquidity risks
- Operational risks
- Other major risks

Credit default risk relates to the partial or complete failure to perform on the part of a partner to a contractual agreement. Here, we distinguish between expected and unexpected losses. It represents the credit risk of both balance-sheet and off-balance-sheet transactions, in which a borrower is unable to meet his obligations under the terms of the contract. Included here are also the pre-settlement and settlement risks and also the underlying risks (e.g. bonds, equities). Business associates whose legal seat is outside Germany or those who belong to foreign borrower units may – independently of their credit standing – be subject to a country risk, in that – due to political or economic crises, for example – they may not be allowed to or may not be able to transfer the amounts they owe (transfer risk), or may be affected by the weaknesses of the foreign parent company (event risk).

Through adverse changes in prices or price-influencing parameters, market risks may give rise to losses; the main concern is to quantify the possible overnight loss. Depending upon the factors involved, we distinguish between interest-rate, currency, share-price, precious-metal and other price risks.

Under liquidity risks, we subsume the danger of not being able, through lack of available liquidity, to meet contractual payment obligations in terms of the amount or the deadline.

We define operational risks as weaknesses in systems or errors in processes or work procedures, which may lead to unexpected losses.

Other major risks consist of strategic risks and legal risks resulting from contractual agreements or the overall legal framework.

Risk control and risk management

Of key importance in this connection are the staff departments Risk Control (ZRC) and Credit Risk Management (ZKA) and also Risk Management which forms part of the trading section.

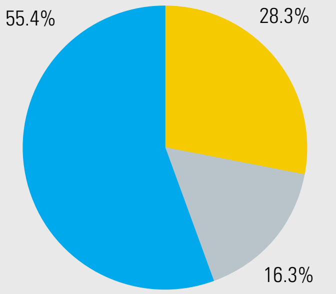
The independent Risk Control department is responsible for defining methods, providing the analytical instruments and measuring risks on a daily basis, particularly in the market area, and for processing such data.

Risk Management is entrusted with the active, earnings-oriented management of market risks, i.e. ensuring that they are reduced, but also with the build-up of risk positions in order to achieve trading gains within the set risk framework.

Risk Management uses the risk ratios and analyses provided by Risk Control for the active management of market risks.

Market risk in Group, by trading unit

Investment Banking division, overnight VaR (97.5% confidence level), 1999 average



🟨 Global Bonds
⬜ Global Equities
🟦 Treasury/Financial Products

Organization

For the integrated observation and evaluation of various types of risk, we have set up a Risk Committee (RC). The members of this RC are the members of the Board of Managing Directors responsible for proprietary trading and risk control, as well as for accounting, together with the heads of the relevant head-office departments.

Besides its primary responsibility for risks arising from trading activities, within the process of Group-wide risk management, the RC also provides a final evaluation.

Through the consolidated presentation of risks in various market scenarios, concentrations can be detected and steering measures resolved. Here the emphasis is on preventive measures (which are as defined in KonTraG), with the objective of avoiding or reducing indicated risks. In addition, the RC resolves binding guidelines, risk standards and limits within trading or prepares such resolutions for approval by the Board of Managing Directors.

In 1998, the Bank established the staff department Risk Control (ZRC) in the Group Management division; last year, it was expanded. It consists of the following sections:

- Market Risk Bonds,
- Market Risk Equities,
- Market Risk Treasury,
- Methods & Policies,
- Operational Risk
  and also the groups
- Market Data and
- Market Conformity Check

ZRC is responsible for controlling market risks and monitors all the trading units, including subsidiaries, worldwide. Staff in the most important trading centres (London, Luxembourg, Prague, Singapore, Tokyo and New York) are assigned in terms of their functions and other reporting duties to ZRC.

The three Market Risk sections, which quantify the various market risks, are divided up along the product lines bonds, equities and treasury; they cooperate closely with the risk-management units that have been set up in trading.

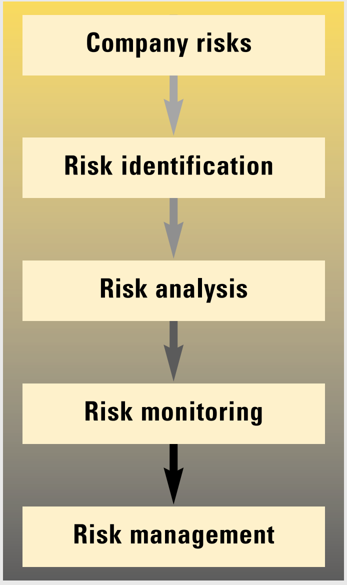
In the Methods & Policies section, consistent principles and methods for quantifying risks (e.g. market and credit VaR), but also for processes (e.g. the introduction of new products) are established. In particular, all measurable risks are aggregated here and collated for the Group.

Apart from the implementation of regulatory requirements (MaH, KonTraG, Basle regulations, local requirements), ZRC focuses on preparing information for the Board and analysing risks in order to support the trading units.

At the same time, ZRC assumes the role of an internal risk consultant within the Group; it advises and supports all units with regard to diverse issues relevant to risk and of a regulatory nature.

In the case of credit default risks in particular, the Loans Committee, chaired by the Board member responsible for lending, decides upon all Commerzbank's commitments in an amount of up to 2% of the Bank's

Risk-management process



equity and prepares all the loan decisions to be approved by the Board of Managing Directors on the basis of documents submitted by ZKA. It also handles all the major changes to the lending process, the structure of loan approval powers and the lending guidelines. In addition, sub-loan committees were set up in 1999 for corporate clients and financial institutions; these are chaired by the head of ZKA.

ZKA, which also belongs to the Group Management division, consists of the sections Commercial Banking, Prevention/Work-Out and Investment Banking. It helps the banking departments optimize their credit risks and is responsible throughout the Group (with the exception of the mortgage banks) for maintaining the balance between the overwhelmingly marketing and sales-oriented activities and the management of credit default risks.

Observing the legal provisions, ZKA is primarily responsible for loan-portfolio management, the Group credit default risk and the allocation of adequate provisions to cover it. Its responsibilities also include the publication of general guidelines for analysing and deciding upon individual commitments, the decision or preparation for a decision relating to borrower units for all major commitments, and the establishment of a framework for loan approval powers, as well as the principles for examining the professional qualification of those with the power to approve loans. Last but not least, the responsibilities of ZKA extend to sectoral and country risks and the early recognition of enhanced credit risks. The Investment Banking section was set up in the Credit Risk Management department in 1998 to monitor the counterparty risks in trading transactions.

The Legal Services department (ZRA) ensures that legal risks are handled in a professional manner. We distinguish here between active and passive risks; if necessary, ZRA has recourse to external lawyers both in Germany and elsewhere.

As a monitoring instance that is unaffected by business processes, Internal Auditing has the task of assessing the effectiveness, appropriateness and efficiency of the measures adopted by Risk Management.

Risk-management process

The overall process of dealing with risk includes its identification, analysis and management. Identification is the structured registration of the major risks within the Group. The objective of analysis is the quantitative measurement and qualitative appraisal of risks to provide the information for subsequent stages in the process, especially the management of risk. The findings are registered constantly and made available immediately to decision-makers.

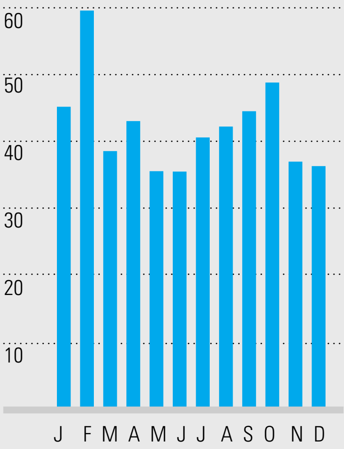
Managing risk implies actively influencing the individual risks that are registered and also the Group's overall risk position. Basically, the framework for quantifiable risks is established by means of limits. For non-quantifiable risks, the basis for management is laid by means of qualitative criteria.

Market risks

For the daily measurement of market risks (exchange-rate, share-price, interest-rate and precious-metal price risks) especially in proprietary trading, the Risk Control department uses historical simulation as a value-at-risk model.

Market risk of Commerzbank Group*

Overnight VaR (97.5% confidence level)
1999, in € m



*) Investment Banking division; represents risks of trading and banking book portfolios without operational risks and investments

In historical simulation, the overnight changes in market data over the past 255 trading days are evaluated. With these changes, applied to the current market level, future market data are simulated. By means of the 254 market scenarios derived in this way, the current position is revalued and the discrepancy with the value of the current position is shown. The sixth-highest loss that is calculated in this way appears as the value-at-risk; this means that in order to show the greatest possible loss (value-at-risk), a one-day holding period for trading portfolios and a one-sided confidence level of 97.5% are assumed. The reliability of the method of calculation is demonstrated by means of backtesting methods.

In addition, stress tests are simulated in order to estimate and contain possible losses even given extreme market changes, which as a rule cannot be adequately represented by means of value-at-risk models. Stress tests, therefore, form a useful complement to the value-at-risk analyses of historical simulation.

Overnight value-at-risk

97.5% confidence level, January-December 1999, in € m

	Maximum	Minimum	Average
Global Bonds	31.95	7.03	12.38
Global Equities	14.80	3.05	7.11
Treasury/ Financial Products	40.69	10.60	24.17
Group*	82.93	33.06	56.97

*) incl. mortgage banks and foreign units

In order to represent the interest-rate risks in the Bank's portfolio, ZRC produces monthly fixed-interest balances for various Group units. On the basis of the average interest rates for the respective asset and liability items per maturity bracket, cash flows are calculated. Their cash values are worked out and the value-at-risk determined by means of historical simulation.

Market-risk limits

Every year, as part of Group planning, the Board of Managing Directors determines the size of the permissible market-risk positions in the form of value-at-risk, stress-test and stop-loss limits. These limits are established at Group level and, to ensure better monitoring and management, are broken down for up to five additional trading and portfolio levels.

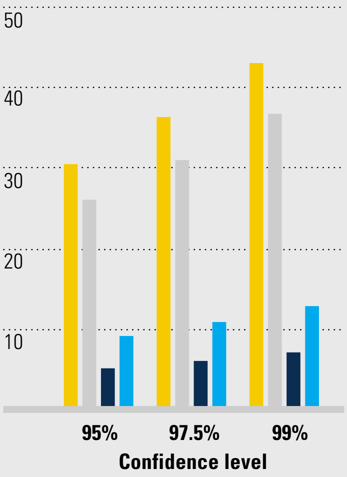
Moreover, individual scenarios are also limited by means of stress tests.

Stop-loss limits are used to restrict accumulating losses.

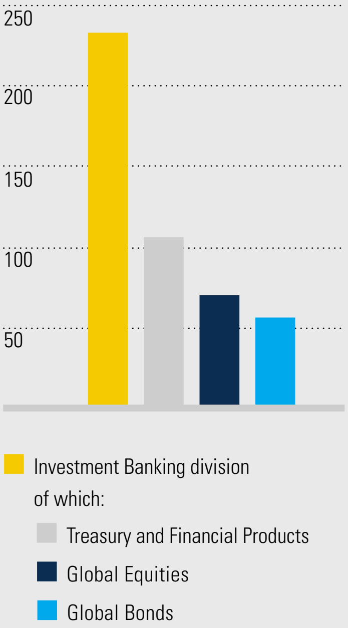
ZRC or the risk-management units in trading are directly responsible for the systematic and daily monitoring of limits. In the case of overruns, therefore, those in charge of the various levels are also involved, depending on the portfolio level in question. Consequently, overruns above the departmental level, depending on their duration and size, either have to be approved by the Board of Managing Directors or, in the case of short-term overruns, by two members of the Board. Limit overruns at the departmental level, e.g. within product lines, are approved by the head of the respective trading unit together with the head of Risk Control, and the Risk Committee is informed about this decision.

Market risk from trading and banking book portfolios (Group)

Overnight VaR, incl. portfolio effects 1999, in € m



Stress test, in € m

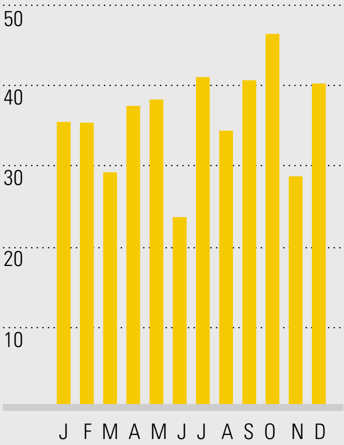


As a result, daily monitoring combined with clear plans of action and reporting lines are ensured at all trading levels. The entire process is subjected to regular reviews and is modified to meet requirements.

In asset/liability management, the important operative units from the risk angle are integrated into daily measurement (VaR and stress-scenario analysis). In the medium term, it is planned to switch from monthly to daily risk measurement for all domestic and foreign Group units, using historical simulation. The relevant measures have been launched. In order to quantify in more detail the risks to the Parent Bank in Germany from its retail business, a project was also launched last year which is to make it possible to calculate the daily VaR for these positions as well. At the same time, this enables us to meet future regulatory requirements as regards interest-rate risks in our investment portfolio.

Risk from asset/liability management of Group, 1999

Overnight VaR, in € m



These figures relate to the respective end-of-month levels and represent the risk from both trading and banking book portfolios. Risks from investments and operational risks are omitted

Other topics relevant for market risk

The checking of market conformity is intended to ascertain whether trading transactions were concluded in line with the market as the MaH require. While we have made such checks automatic for simple trading products, structured products call for methods which are as complex as those employed in simulations for measuring risks.

The quantification of market and also credit default risks, the use of uniform valuation parameters for the income statement, and also the checking of market conformity, cannot be realized without recourse to extensive market data. In recognition of this, we have built up our Comfact database.

Credit default risks

The controlling (planning, steering and monitoring) of our loan portfolio is rating-oriented and is performed according to:

- target group (banks, non-banks and the public sector)
- sector
- country

with the objective of identifying risk concentrations immediately and of adopting targeted counter-measures.

Risk Control quantifies credit default risks for the Group (excluding mortgage banks) on a monthly basis and reports them to the Board of Managing Directors. The steering parameter in question – standard risk costs (SRC) – is reflected, in the form of expected losses, as a risk premium in price-setting and in the calculation of profitability for lending commitments (except for Investment Banking). The basis for this, *inter alia*, is an internal rating system of the Credit Risk Management department, which is constantly being extended in order to cover all the segments of our clientele – not least in order to comply with the Basle capital adequacy proposals. For years now within the Group, the internal rating has determined the size of loan that may be approved.

Active credit risk management on the basis of standard risk costs was functionally separated from risk control in 1999 and assigned to Credit Risk Management (ZKA). In statistical terms, standard risk costs represent the long-term average for loan losses; these may deviate substantially – positively or negatively – from the actual loan losses in the current year.

For this reason, building upon these by means of statistical models partly based on experience gained in the area of market risk, ZRC works out the credit VaR, which is the real credit default risk. The potential losses, which may exceed the expected losses (SRC) reflected by the risk premium, are computed with methods similar to those used for market risks.

Probably with effect from 2003, a substantial amendment of Principle I, KWG, is likely, a key component of which will be the introduction of an internal rating for calculating the capital backing that is needed. We are actively involved within the relevant national and international associations in discussions of amendments to the capital adequacy requirements for credit default risks. Internally, we are preparing for these by carefully extending our data records (credit risk database).

The Group's credit-risk information was steadily improved last year through modifications to the IT systems which supply it, including a differentiated presentation of collateral and ratings. Risk ratios were incorporated further into central management-information systems and into systems relating to the individual client.

We devoted special attention to all issues related to credit risk mitigation, which are also important in the Basle accord.

In the derivatives area in particular, the regular use of bilateral master agreements based on national and international models reduces credit risks through the inclusion of netting arrangements. The same is achieved by means of collateral agreements, which are becoming increasingly important. Here as well, we invested in extensions to the respective IT systems.

High standards in the organizational process and in lending ensure sound portfolio quality, which is enhanced by the use of asset sales and credit default swaps. In this way, new or additional scope for lending is created.

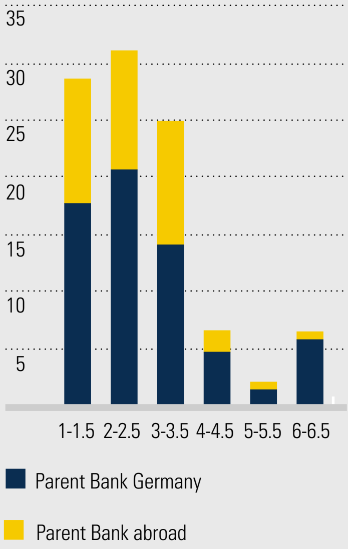
Rating process

Commerzbank has developed a system of complex rating and scoring procedures for checking creditworthiness and standardizing lending decisions. These have to be used by our domestic branches and also by our branches and subsidiaries abroad. Here we distinguish between the creditworthiness rating, which stands for the likelihood that a borrower will default, and the credit rating, which additionally takes account of the security pledged, maturities and other contractual obligations.

The rating procedures for assessing risks basically serve to ensure an objective and uniform appraisal of creditworthiness as well as greater efficiency thanks to the systematic identification of risks. At the same time, the possibilities for analysis are improved throughout the portfolio as a whole. Taking into account the Group's risk position, twelve different rating levels are distinguished, ranging from 1.0 (“exceptionally good standing/risk”) to 6.5 (“liquidation credit”). The internal ratings are assigned to the ratings of external agencies with the aid of a reconciliation table.

Utilization of loans, by credit rating

as percentage of total utilization
Parent Bank, per 31.12.1999*



*) excl. domestic and foreign subsidiaries and business booked at head office

The rating of German SMEs is carried out with the support of a system of experts; this dialogue-based analytical procedure avails itself of mechanically computed financial ratios and qualitative factors from the relationship with the borrower. The SRC for this important group of clients for us are calculated, taking into account the market default rates of the past ten years for 50 industries and seven categories of turnover. This default rate is modified in terms of the individual client by the internal rating. Membership of a specific borrower unit is taken into consideration from the risk standpoint.

For major clients a special rating is computed, taking account of the findings of recognized rating agencies. The same holds true for real-estate loans, ship and aircraft finance, and for banks and non-bank financial institutions (NBFI). The latter are becoming ever more significant for Investment Banking.

For structured finance, an individual rating is worked out. A special rating form is available in the Retail Banking segment for "business clients" (companies with a turnover of up to €2.5m). For smaller businesses and private customers, credit-scoring methods have been developed which are useful in reaching loan decisions.

Loan portfolio

For years, we have used ratings to optimize our loan portfolio in connection with structural goals for lending business. We check industries and segments of industries represented in our portfolio in order to identify and manage concentrations. Drawing upon the development that is forecast for the various sectors, we coordinate the basic approach with our main branches and with our foreign operative units in connection with credit quality reviews. As part of our segment reporting, we report regularly or on a case-by-case basis on sectoral risks.

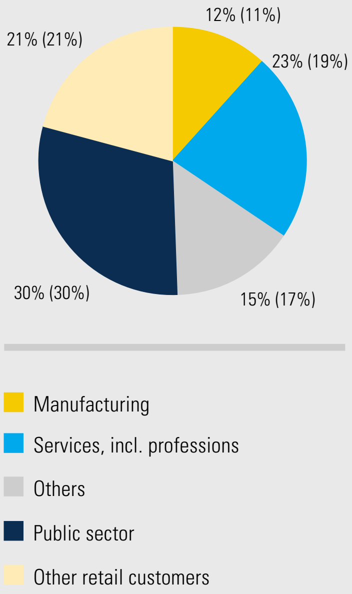
Concentrations of default risks may arise through groups of borrowers with a number of common features, each of whose individual ability to repay debt is affected by a change in their shared economic conditions.

In view of the international character of our business, great importance is attached to the observation of country risks and their steering. Making use of constantly updated country ratings, we ensure – by means of periodic country risk reports and our guideline system for lending – targeted steering measures and a risk-oriented geographical distribution of our foreign exposure.

In line with the responsibilities assumed by the Investment Banking section of ZKA, risk management and controlling measures are based on a system of credit limits. This links up the front-office systems used in trading and makes possible global monitoring of credit exposure arising from OTC trading activities. For one thing, this system enables us to count transactions against the relevant credit lines without delay; for another, it allows us to monitor on the basis of global limits. Immediate information is provided for risk management, allowing our dealers worldwide to check whether the relevant credit lines are available. In this way, we ensure that the impact of transactions on the utilization of credit lines remains within the set limits.

Credit-risk concentration for German customers

Claims, guarantees, L/Cs (Group)
excl. value adjustments and provisions,
1999 (1998)



Before trading transactions are concluded, their effect on pre-settlement lines, and if necessary on settlement limits, has to be simulated. Only if adequate amounts are available for these two lines may transactions be concluded. However, should they be concluded even though no lines are available, or these are inadequate, an overrun is reported, which is both available online and also included in the risk report. On the basis of such feedback, measures are launched for individual cases, if necessary, also involving the relevant management personnel from Investment Banking and those responsible for approving loans.

Credit exposure is determined on a daily market assessment, complemented by a so-called add-on, which predicts any future potential change in value of the transactions. These add-ons are worked out on the basis of volatility analyses or simulation procedures, with a confidence level of 97.5% assumed for determining the worst-case exposure. With regard to the structure of product classification, which is used in the assignment of add-ons to individual transactions, product-specific risk features are taken into account; but special currency features are also included. The add-on factors are checked regularly, taking note above all of changes in the fundamental risk factors. For sections of the trading portfolio, risk-reducing methods such as netting and collateral are employed. The basis is provided by the master agreements examined by the Legal Services department.

In addition to the standard methods, which have been implemented in the global credit-exposure management system, analytical methods, e.g. scenario analyses, are used for complex, non-standardized transactions. Taking into account correlation effects and stress tests, these are intended to reveal the specific risks of these transactions. Frequently, though, this calls for a specially devised approach which is not part of the system for dealing with standard business. However, we always ensure that the methods used are consistent with those of the standard procedures.

The credit lines for pre-settlement risks are divided up into the categories derivatives/money-market dealing/genuine repurchase agreements (repos). For these areas, graded, rating-linked maturity restrictions exist; these steer not only the total lifetime of the individual transactions but also the maturity structure of the exposure.

In Investment Banking, credit default risks are taken into consideration when the market result is being worked out. In 1999, no loan loss occurred that could have adversely affected the market result. This underlines the efficiency of our selection of clients and of our systems.

Risk provisioning

We take account of discernible lending risks by forming individual and country value adjustments to the appropriate extent. For latent risks we form global value adjustments, and for existing creditworthiness risks – applying Group-wide standards – individual value adjustments on the scale of the potential loss. In addition, the adequacy of risk provisioning has been monitored for the operative units in terms of individual portfolios since 1999.

As our lending has been linked to ratings for years and we have clear guidelines for risk segments, the quality of our loan portfolio has improved from the risk standpoint.

For loans to borrowers with an enhanced country risk (transfer or event risk), the economic situation is assessed on the basis of economic data; if necessary, provisioning occurs for the unsecured exposure, in line with the relevant internal country rating, in the form of a country or individual risk provision. We always give the latter priority over country risk provision.

During the year, careful estimates by operative units are used within the Group to gauge the need for provisioning; this goes beyond the study of individual cases to provide an up-to-date assessment of the current credit default risk. Depending on their rating, problem loans are transferred to a special IT administration system.

Last year, the Parent Bank's entire domestic lending process was examined by means of an independent project. The findings of the project were an important factor in improving risk management and hence efficiency. As a result, we were able to increase the loan approval powers of operative units considerably. The setting-up of sub-committees at our outlets abroad, especially in the major trading centres, created an efficient basis for monitoring the mounting risks in investment banking. At present, lending units are being built up in New York, London and Tokyo.

Liquidity risks

The Treasury department (ZTD) is responsible for steering the liquidity risk, thus ensuring that the Bank is always solvent; at the same time, the Bank is working on the relevant projects at Group level. It is the objective and function of liquidity management to steer the raising and investment of funds as efficiently as possible, ensuring the best impact on earnings. Coordination is achieved through liquidity guidelines and limits.

By January 1999, we had fully adopted the amended Principle II (liquidity analysis) and had integrated it into the management of liquidity. Through a comparison of the inflows and outflows of liquidity, the Bank's permanent solvency is guaranteed. The liquidity coefficients (lower bound 1.0) lay between 1.13 and 1.46 in 1999, showing that the Bank had the appropriate liquidity available at all times.

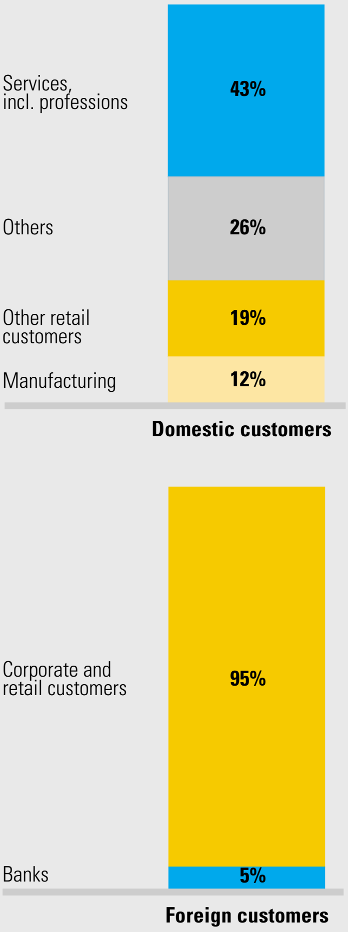
Operational risks

We have decided to incorporate operational risks actively into the risk-management process, not least with a view to the capital adequacy regulations expected from the Bank for International Settlements (BIS). For this purpose, a new unit was set up within the Risk Control department. The duties of Operational Risk Controlling relate to the identification, measurement and reduction of these risks, including global contingency planning (operating risks).

Once the conception phase was over, we began at-end 1999 to develop an early warning system for operational risks, which is to be built up as a management information system (MIS) for those responsible for line functions and the Board of Managing

Provisioning for borrower risks (Group)

by customer group, 1999



Directors. The identification of qualitative indicators for detecting weak points in our process chains is intended to allow us to adopt suitable countermeasures in time. Taking account of the loss data, the information gained will be used to produce, with the aid of statistical methods, a quantification (monetary evaluation) that reflects the causes. The basic requirement is that those responsible are made more aware of the connection between operational risks and process/cost efficiency, giving rise to greater security/risk awareness (risk culture).

In order to rule out conceivable emergencies related to IT, Commerzbank maintains computer centres in two locations within the Frankfurt area; they ensure uninterrupted functioning right around the clock. With the notion of business contingency planning, the Bank is pursuing the strategy of guaranteeing that the Group's business activities will be as free from interruptions as possible. These measures also create the main conditions for complying with the MaH and with the principles for the orderly processing of information.

The measures and the assignment of responsibilities in cases of emergency are documented in manuals. A separate unit has been set up for handling this task in the IT area; it has a crisis management staff and specialized teams, as well as equipment optimally suited to these purposes. In order to make quick and accurate decisions, the emergency organization has been given extended powers.

Euro changeover/Y2K

Thanks to precise and extensive preparations, the changeover to the euro on January 1, 1999, was successful, enabling our customers to effect their transactions in euros. We are preparing to introduce the euro as our home currency.

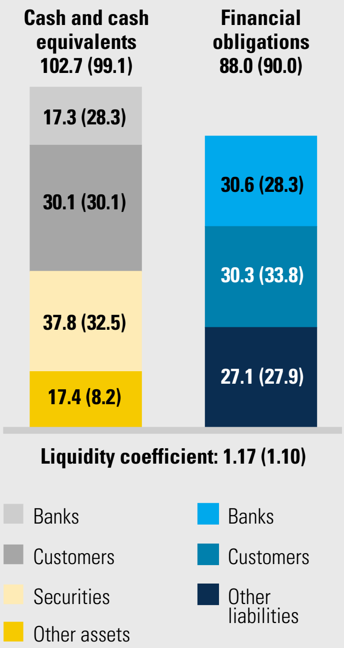
The Year 2000 (Y2K) issue was handled successfully by the Commerzbank Group. The tests conducted at great length last year to assure quality guaranteed a smooth transition. At the same time, the Y2K project is an investment in the future. Both the Group's hardware and software as well as its complete infrastructure were registered, tested and, where necessary, updated. In addition, the members of the project acquired considerable knowledge.

Legal risks

It is the function of the Legal Services department (ZRA) to recognize legal risks and restrict them in cooperation with other units of the Group. The department is responsible for producing guidelines and standard contracts and also for their implementation and monitoring. In addition, it advises domestic branches, head-office departments, various foreign outlets and subsidiaries with regard to legal issues. ZRA informs the Board of Managing Directors and head-office departments about major legal changes and risks, if necessary adapting its own guidelines and model contracts to the new situation.

Compliance with Principle II

Relevant amounts in 1999 (1998)
Parent Bank, in € bn



In Januar 1999, the liquidity principles were changed at the Parent Bank. In accordance with the new Principle II, an institution has sufficient liquidity if the cash and cash equivalents available to it within a period of 30 days are enough to cover its financial obligations which fall due during this period. The quotient of relevant asset and liability components is known as the liquidity coefficient and must have the value of 1.0 at least.

Strategic risks

The steering of strategic risks within the Group is the responsibility of the Parent Bank's Board of Managing Directors. By strategic risks, we mainly refer to

- the management of investments
- the development of or withdrawal from given fields of business and the related activities.

Internal auditing

The Internal Auditing department (ZRev) forms an integral part of the central risk-management system. As a unit independent of business processes, it works on behalf of the Board of Managing Directors – free from directives and external influence – with the goal of detecting risks at an early stage. It mainly focuses on

- testing and assessing the effectiveness of both security measures built into the work process and existing internal checks, and
- reporting to the Bank's management, the banking departments and the related support departments on the structure and adequacy of risk monitoring.

Within the branch network, ZRev conducts checks at intervals of one or several years; for trading units (Treasury, Securities) examinations occur annually in the main areas, in line with the MaH.

The early recognition and limitation of operational risks which cannot be measured immediately are key functions of Internal Auditing, which at the IT level in particular is concerned with the security and consistency of data, among other things by controlling the authorizations that are granted and by limiting the number of system users.

Risk reporting

The Risk Control department has the following reporting duties:

- Board of Managing Directors
- banking departments
- third parties (e.g. rating agencies)

Pursuant to the provisions of the MaH, the Board of Managing Directors and the heads of banking departments receive daily a consolidated report on current market risk and the trading result from the staff departments Risk Control and Accounting and Taxes.

In addition, ZRC informs the Board of Managing Directors by means of a monthly risk report about the Group's risk position. Apart from the quantification of risks, commentaries are also provided on special features, current developments and planned projects.

The core of the report consists of the comparison of the quantifiable risks that have been taken on and the risk capital which is available (risk capacity statement).

The risk figures computed by Risk Control on a daily basis are made available without delay to the relevant members of the Board, the heads of banking departments and Risk Management in the form of a so-called flash report, so that the relevant measures may be adopted.

In addition, ZRC provides the Bank's trading units worldwide with regular daily appraisals and analyses via intranet. This also includes ad hoc appraisals and scenario analyses in line with requirements for individual portfolios.

ZRC is also responsible for furnishing third parties, for instance rating agencies, with the necessary risk-relevant information.

The Credit Risk Management department reports overruns of credit lines daily to the management of the Investment Banking division and to the management of the credit section. This report indicates the reasons for overruns. The necessary measures are arranged and coordinated. In addition, the utilization of credit lines is constantly observed in order to adopt measures to contain risks in good time or to apply for an adjustment of the lines. At the same time, special reports are prepared for the management of the individual trading units.

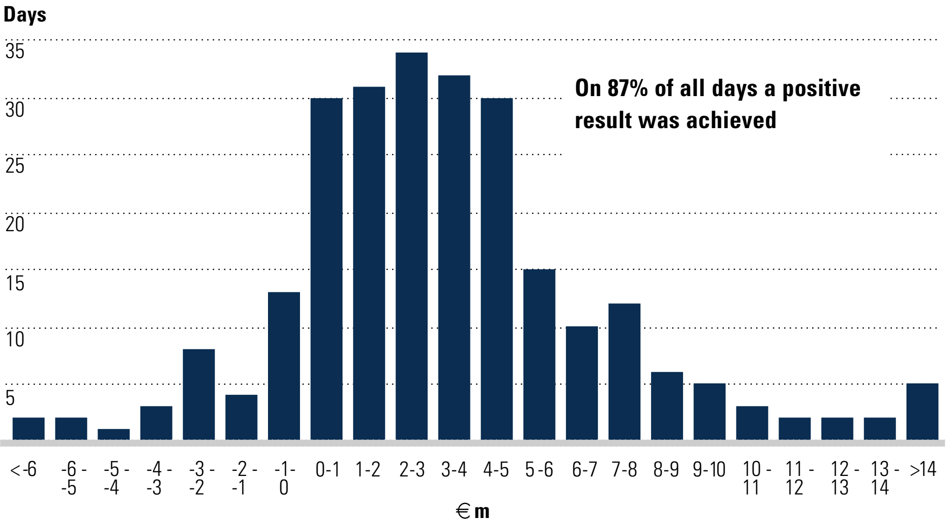
Every month, a comprehensive report is drawn up for the Board of Managing Directors.

Risk capacity

In our statement on the Bank's risk capacity, the Group's currently quantifiable overall risk is set off against its economic capital for covering risks. We distinguish here between risk capital and taboo capital.

On principle, the risk capital which we set aside should be sufficient to cover the overall risks. The object of this comparison is to establish whether we are in a position to carry the potential losses without our assets being eroded or without being obliged to reduce our business volume (e.g. due to a reduction of our core or supplementary capital in order to meet the regulatory capital adequacy requirements). The overall risk or economic capital is an aggregate of all the currently quantifiable types of risk.

Daily trading and interest income in 1999 for Group



On 87% of all days a positive result was achieved

In order to ensure that the various types of risk can be compared, we scale them uniformly to a temporal reference variable and to a confidence level which is coordinated with Commerzbank's target rating.

Among other things, the VaR limit for market risks is derived from the risk capacity statement that is outlined above. It is allocated to trading units on the basis of planned and past risk/return ratios as part of our annual planning, or it is adjusted during the year if necessary.

In order to ensure an optimal risk/return management for the Group which is geared to earnings expectations, we are constantly working to integrate modern risk/return ratios and to develop further the methods applied.

Outlook

The significance of risk management will increase in the future as well and will play an even greater role in our strategic thinking. For this reason, we will continue to employ considerable human and technological resources in our banking, staff and service departments, in order to make sure that our risk-management capabilities are on the highest level.

We are steadily working towards the realization of a conception which will integrate risk management, our performance measurement and the allocation of equity. This will create an important management tool for tying risk management into our corporate strategy.

Structure of the Commerzbank Group

Board of Managing Directors

Corporate divisions

Group Management

Staff departments

- Accounting and Taxes
- Compliance and Security
- Corporate Communications and Economic Research
- Credit Risk Management
- Human Resources
- Internal Auditing
- Legal Services
- Risk Control
- Strategy and Controlling

- RHEINHYP Rheinische Hypothekenbank AG
- Hypothekenbank in Essen AG
- Bankhaus Bauer AG

Retail Banking and Real Estate

Banking departments

- Retail Banking
- Real Estate

Domestic branches:
20 main branches, 153 regional branches, 766 branches (of which: 91 offering corporate customer facilities)

- comdirect bank AG
- Commerz Finanz-Management GmbH
- Commerz Service GmbH
- CommerzLeasing und Immobilien GmbH
- Commerz Grundbesitz-Investmentgesellschaft mbH

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Allfinanz partners

Corporate Banking and Institutions

- Corporate Banking
- Corporate Finance
- International Bank Relations
- Relationship Management

Foreign branches:
21 foreign branches, 29 representative offices

- Commerz Beteiligungsgesellschaft mbH
- Commerzbank (Budapest) Rt.
- Commerzbank (Eurasija) SAO
- Commerzbank International S.A.
- Commerzbank (Nederland) N.V.
- Commerzbank (South East Asia) Ltd.
- BRE Bank SA
- Banque Marocaine du Commerce Extérieur
- Korea Exchange Bank
- P.T. Bank Finconesia
- Unibanco – União de Bancos Brasileiros S.A.

Investment Banking

- Asset Management
- Securities
- Treasury/ Financial Products

- ADIG Allgemeine Deutsche Investment-Gesellschaft mbH
- Commerzbank Investment Management GmbH
- Caisse Centrale de Réescompte, S.A.
- Commerzbank Asset Management Italia S.p.A.
- Commerzbank Capital Markets Corp.
- Commerzbank Capital Markets (Eastern Europe) a.s.
- Commerzbank Europe (Ireland)
- Commerzbank (Switzerland) Ltd
- Commerz International Capital Management GmbH
- Commerz Securities (Japan) Co. Ltd.
- Jupiter International Group PLC
- Montgomery Asset Management, LLC
- Commerz Futures, LLC

Services

Service departments

- Global Operations Investment Banking
- IT Development
- IT Production
- IT Investment Banking
- Organization
- Transaction Banking

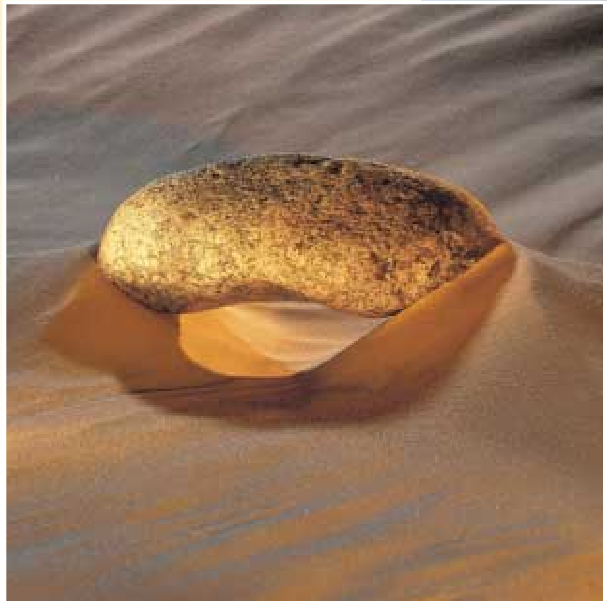
- TC Trust Center for Security in Data Networks GmbH
- pdv.com Beratungs-GmbH
- Commerz NetBusiness AG

March 2000

Retail banking and real estate

As we gear our activities to specific target groups, the Retail Banking and Real Estate departments have been put together to form a single corporate division. The Retail Banking department, which is responsible for product development, marketing and distribution, also monitors and controls that part of our branch system which looks after these customers. The division also includes the subsidiaries comdirect bank AG, Commerz Finanz-Management GmbH and Commerz Service GmbH.

The Real Estate department consists of CommerzLeasing und Immobilien GmbH (CLI), Düsseldorf, with its numerous holdings, and Commerz Grundbesitz-Investmentgesellschaft mbH (CGI), Wiesbaden. It manages one of Europe's largest property-based funds, Haus-Invest.



Retail Banking and Real Estate division

	1999	1998
Equity tied-up (€ m)	1,671	1,530
Return on equity (%)	8.7	8.5
Cost/income ratio (%)	82.3	78.1

High-quality advice

Giving customers the opportunity to discuss important topics like the best type of old-age provision, home loans or the selection of suitable forms of investment, with a reliable adviser at a personal meeting is important for achieving success in a market in which the number of products and their providers is constantly growing. Yet even such consultations have to draw upon modern information technology today. Rapid access to data and the use of software programs giving advisers information on current government promotion schemes or specimen calculations are important factors in ensuring success.

Last year, new IT infrastructure was installed at all our branches. Based on an analysis of the core work processes in retail customer business, a data warehouse was developed and a system employing the latest intranet technology was introduced for all retail-customer account managers and staff in service functions. The deployment of this new technology is already bearing fruit and is an important factor distinguishing us from our competitors.

Customer satisfaction key to success

Several years ago, Commerzbank launched an annual survey of customer satisfaction. The feedback from clients is used both for the Bank as a whole and the branches. In 1999, another small rise was registered in the average level of customer satisfaction. We attribute this to the fact that, together with our customers, we work out steps to remove recognized shortcomings and quickly implement these wherever possible.

Home loans dynamic

Attractive interest rates, an innovative approach to products with a high-profile media campaign and a series of important advisory packages related to property-buying produced much higher new home loan business of altogether €6.75bn in 1999. Our efforts were shown to be worthwhile by a test series run by the consumer-research group Stiftung Warentest, in which we topped a list of 20 institutions for the quality of our advisory services in the area of building finance.

Strong securities business

In our securities transactions for retail customers, we achieved excellent results last year, which can be traced back to both the brisk demand for investments in equities and our strategic orientation. We concentrate on investment funds and asset-management products in normal retail business, and on traditional individual securities transactions, or brokerage, for high net-worth individuals. Our earnings were also boosted by the large number of new issues which we managed.

Allfinanz in transition

Last year saw far-reaching changes in Commerzbank's *Allfinanz* business. In the course of the year, all the companies of the Aachener-Münchener Group began to sell Commerzbank products. Moreover, the cooperation launched last summer with DVAG, Europe's largest seller of *Allfinanz* products, registered its first encouraging success. Thanks to the debate on changes in the tax treatment of insurances, 1999 was our most successful year to date for sales of life insurances since we introduced *Allfinanz* products.

We have successfully offered our customers the home loan savings contracts of our associate Badenia Bausparkasse AG since the start of last year. This February – once our former cooperation agreement expired – we began to sell the insurance products of Volksfürsorge, a member of the AM Group.

Many roads lead to Commerzbank

We have considerably extended the call-centre services for our customers. Ever more frequently, though, banking transactions are being conducted via the internet. By year-end, the number of people using our internet service had risen to over 150,000, having thus more than doubled last year. At year-end, we became one of the first banks in Germany to introduce the new HBCI standard (homebanking computer interface), which is considered especially secure.

Commerz NetBusiness formed

For us as well, electronic commerce is of outstanding importance. It is now certain that the internet revolution will radically change the face of banking. Our goal is to offer customers stable and efficient banking products in virtual markets as well and to rank among Europe's leading banks for online business. In pursuit of this objective, we have formed Commerz NetBusiness AG (CNB) out of the Retail Banking department, in order to handle all our internet activities in future. CNB conceives, realizes and carries on e-business transactions for the Commerzbank Group and its customers. From time to time, it will also participate in related joint ventures. CNB is not a bank; rather, as a realizer and operator of the relevant business models (portals, marketplaces), it will link supply with demand in online markets. Its prime function will be to act as a broker for banking services. In the course of this year, CNB will offer the first new internet products and services.

comdirect bank plans IPO and European expansion

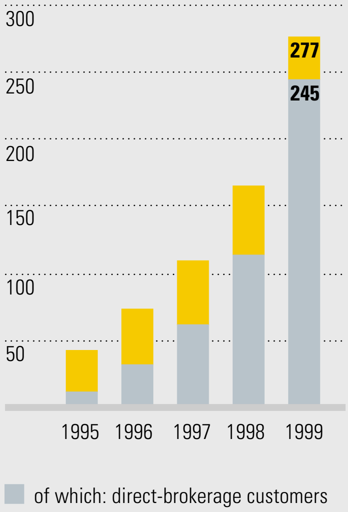
The dynamic development of comdirect bank, which last autumn was transformed into a public limited company in preparation for its stock-market launch, is characterized by an increase in its clients and a surge in orders. In 1998, one year earlier than planned, it reached break-even point and for 1999 it already posted a result of €20.8m. By year-end, it was looking after a total of 277,000 customers, 112,000 more than a year previously. With 245,000 direct-brokerage clients, comdirect is Europe's market leader in this segment.

Launched as a direct bank with a call-centre, comdirect bank AG has become a strongly internet-oriented company. Four out of five customers now place their orders via this medium. For one thing, the PC represents a speedy trading platform; for another, it enables users to download large amounts of information on securities from the net. The website of comdirect bank clearly tops the list for German internet users. Up to seven million people a day visit its homepage, where they find prices, charts and news relating to more than 200,000 securities.

In marketing, comdirect has worked together very successfully with the internet service provider of Deutsche Telekom, T-Online, since the start of 1999. This cooperation will now be intensified and underpinned by cross-shareholdings. Even before comdirect

Customers of comdirect bank

in thousands



goes public, T-Online is to take a 25% stake in it. Commerzbank, for its part, will invest a similar amount to acquire an interest in T-Online. This cooperation will substantially enhance our position in internet banking.

At the same time, comdirect bank is pursuing European plans. In May, comdirect UK will open for business in Britain. In France, the direct broker Paresco Bourse, which was taken over a few weeks ago, is to become active as from mid-year under the name of comdirect France; and in Italy, too, internet brokerage is to be launched before year-end. Austria and Switzerland are already being served from Germany.

Private banking activities extended
We have successfully extended the special services provided for private banking clients. The needs of wealthy private customers – all-inclusive asset analysis with a high degree of neutrality, suggestions for finding successors or handling inheritance issues and individual investment opportunities – are extremely well covered by Commerzbank. In particular, the financial planning offered by our subsidiary Commerz Finanz-Management (CFM) is exactly what this clientele is seeking.

Last year, our branches acquired business involving altogether 914 financial plans. In the meantime, CFM, which continues to be the market leader in this area, has a staff of 24, who hold a licence issued by DEVFP e.V., the German association of financial planners. This puts us ahead of our competitors. The awarding of a licence is dependent upon professional knowledge and above all constant further training, objectivity, respectability and ethical professional standards. Financial planning is a valuable instrument for us in promoting and intensifying more sophisticated relations with clients.

CommerzLeasing on a high level
In its new business, the CLI Group – one of Germany's leading leasing companies – achieved a volume of about €2.3bn, thereby even topping its excellent year-ago result. Its total assets under management amounted to €16bn at year-end.

Real estate generated new business of €1.7bn (up 4%). The launch of three major projects in first-class locations with investment costs of altogether €446m enabled CLI to strengthen its position in the field of closed-end real property funds. In addition, several large-scale investments were organized in the public sector with private financing by means of an innovative leasing model. In order to finance investments, the subsidiary CFB Commerz Fonds Beteiligungsgesellschaft placed equity capital of roughly €220m.

Private clients at Parent Bank

year-end figures	**1999**	1998	1997	1996
Private clients	2,793,300	2,724,700	2,595,300	2,557,400
Individual clients	803,400	766,000	752,400	721,200
Custody accounts	1,200,000	1,070,000	958,000	891,000

At year-end, CommerzLeasing formed a joint venture with ThyssenKrupp Immobilien GmbH, called COMUNITHY Immobilien AG, based in Düsseldorf. CommerzLeasing holds 51% of its capital. The company's business activities will be concentrated on buying, selling and administering existing housing units, as well as acquiring stakes in housing companies and project developments.

CLI has also increased its presence in Central and Eastern Europe by setting up CommerzLeasing Ceská republika s.r.o., Prague.

With contracts of €479m concluded for investment in the leasing of moveable goods, strong growth of 43% was registered. In addition, BRE Leasing, a member of the CLI Group and one of Poland's leading names in this area, reported new business of around €141m (up 6%). Through the creation of CommerzLeasing Auto GmbH, the range of products was extended to include the leasing and management of fleets of vehicles.

Haus-Invest truly European

Haus-Invest, the open-ended property fund administered by Commerz Grundbesitz-Investmentgesellschaft, registered the highest net inflow in its history last year, at €900m. The assets it manages increased by roughly 23% to €4.98bn, raising its market share to 9.8%. At year-end, the fund's real-estate assets consisted of 98 properties and an interest in a real-estate company (the Europlaza office building in Paris).

Through its new investments, the fund has systematically availed itself of market opportunities in the European Union – above all in the Netherlands, Portugal, the United Kingdom and France – and has lifted the share of foreign properties to about 68%. With this strategy, Haus-Invest has increased its lead in this sector and established itself as a truly European investment vehicle.

Corporate banking and institutions

The newly established Corporate Banking and Institutions division is responsible worldwide for business involving small to medium-sized, large and multinational companies as well as banks and insurance firms. Stable relationships with clients are given priority over the transaction-based selling of products.

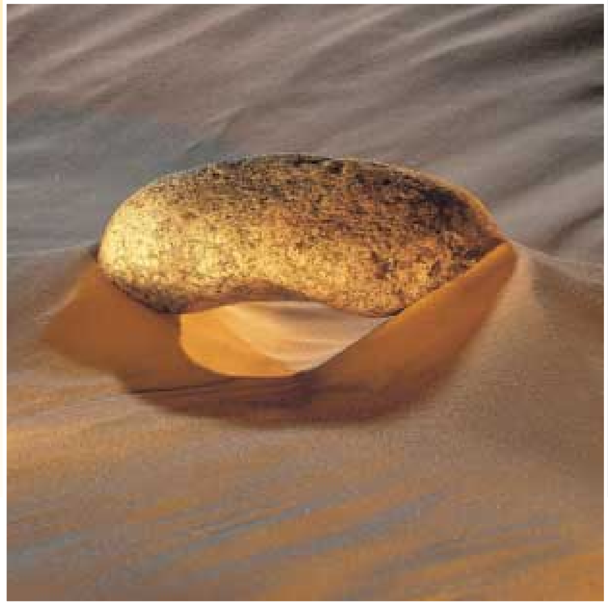
Relationship banking with all groups of customers remains an important function of our branches in Germany and elsewhere. In serving multinationals, they are supported by the Relationship Management department. All the head-office support units are geared to clients' needs and offer both commercial and investment banking products and services. In this way, we can combine on-the-spot service for clients and knowledge of their needs and goals with our product and service strengths.

Organizations are becoming more complex, development is taking place more rapidly and communications are ever more efficient ...

Any further questions?

Range of services

Service



Corporate Banking and Institutions division

	1999	1998
Equity tied-up (€ m)	6,012	5,233
Return on equity (%)	10.5	12.2
Cost/income ratio (%)	47.4	44.0

Strong expansion in lending to smaller businesses...

Last year saw strong expansion in lending to both smaller businesses and major companies. The especially low interest-rate level in the first half led to a sharp increase in longer-term fixed-rate financings. Despite a persistently high number of insolvencies in Germany, we managed – as in the previous year – to improve the quality of our domestic loan portfolio.

...with investment activity brisk

Despite a historically low interest-rate level, there was great demand for traditional money-market products. This was due, for one thing, to the fact that firms had ample liquidity and, for another, to our Bank's attractive products and intensive customer counselling. In addition, our corporate clients increasingly preferred managed investment forms, including funds, offering attractive performance. The small to medium-sized enterprises (SMEs) among our customers are also using interest-rate derivatives to a growing extent.

Securing part-time schemes for older staff ever more important

Company old-age pension schemes are being overhauled in Germany. In addition to fund-based solutions, we are now offering new insurance plans in conjunction with our partner Generali. We have devised innovative models for fund and guarantee-based solutions in order to cover employees' claims under part-time schemes for older staff. These are meeting with lively demand on the part of companies, employers' associations and trade unions. The steady flow of new models for flexible working suggests a much greater need for bank solutions in the future.

Decentralized expertise in special finance

In order to promote the selling of complex financing solutions and to serve as a link between Investment Banking and the branch network, we have set up special-financing units on a decentralized basis. On the one hand, as specialists, they reinforce our expertise in selling to corporate clients on the spot, while also offering a distribution channel for investment-banking products to smaller businesses. Our branches, for instance, contributed notably to Commerzbank's success with IPOs in the Neuer Markt. The great significance of smaller firms for our Bank is also underscored by the disproportionately strong expansion of lending in this segment.

In the “local government and infrastucture” market segment, expansion was pursued with an earnings and product orientation in view of the high return on equity here. Activities focused on stepping up cooperation with the European Investment Bank and on the management of local government debt.

By establishing a unit responsible for “water/sewage”, we created a sales platform for investment-banking products in business involving local government. At the same time, in a joint effort with the M&A section, the unit secured a commission to privatize the utilities of the city of Kiel. This has given Commerzbank an excellent market position for the years ahead in the reorganization of the public sector.

International transaction management

By switching to near-time processing in our entire accounting system, we have made it possible for our clients to get immediate information on their accounts. We further enhanced our strong position as a foreign-trade bank. The development of our individual insourcing service in foreign documentary business was especially encouraging.

In line with the rapid pace of international expansion, we have integrated more countries, with the emphasis on Central and Eastern Europe, into Commerzbank's Automatic Cash Management System (ACMS). In interbank and cross-border cash pooling, we also managed to increase the number of participating banks. In Europe, we can already offer access to the nationwide branch networks of our partners in eight, and soon in 14, countries.

Thanks to our attractive payments and cash-management solutions, we were able to acquire a series of leading major companies as new clients, for whom we act as settlement bank. A well-qualified team of Commerzbank specialists help realize the projects of our customers.

Electronic commerce – the great challenge

In the transaction management of our large clients, there is demand above all for our EDIFACT services; here we occupy a leading position in Europe. COPOS, a product which we offer for handling point-of-sale payments by card, was extended and developed further; turnover virtually doubled.

To meet market demands, we have refined the various means of internet payment (CyberCash, SET). Joining the Identrus organization, which offers methods valid worldwide for handling electronic business-to-business transactions safely, has confirmed our pioneering role in e-commerce.

All of these activities are part of a strategy developed for the Bank enabling us to integrate traditional banking products into the world of e-commerce and also to offer original e-commerce services (e.g. electronic procurement) in cooperation with partners who are leaders in that specific field. In corporate banking as well, such product developments are channelled through the newly founded Commerz NetBusiness AG. The consultancy firm Baumgartner + Partner is helping our new subsidiary to design and realize e-commerce platforms.

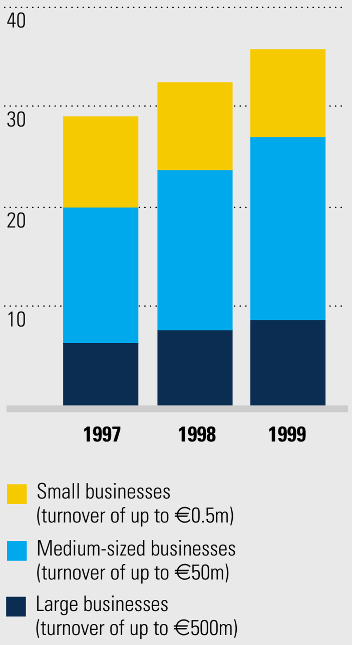
Good position after euro launch

Right from the start of 1999, most interbank business was conducted in the new European single currency. This was even exclusively the case for the TARGET, EBA and EAF clearing systems. In this completely new environment, Commerzbank asserted its position well as one of the major banks for international payments, with a closely-meshed network of correspondent banks and accounts around the globe.

As in each of the past ten years, we were involved to an above-average extent in German export growth, raising our share of exports for which we handle the financial side to about 16%. In the meantime, Commerzbank has more than 60 outlets in 45 countries. It also holds interests in a series of foreign banks and is represented on their management boards. During the nineties, the network of outlets was systematically extended, primarily in Central and Eastern Europe, and recently in Kosovo as well, where we are helping to set up a development bank.

Lending to SMEs

Parent Bank, in € bn



In February 1999, Commerzbank (Eurasija) SAO, Moscow, began operations. It will mainly target the offshoots of German and international companies in Russia, which are also looked after by our representative offices in Moscow and Novosibirsk. In the successor states of the former Soviet Union, Commerzbank is additionally represented in Kiev (Ukraine), Almaty (Kazakhstan), Minsk (Belarus) and Tashkent (Uzbekistan).

BRE Bank SA, Warsaw, in which we hold a sizeable interest, has continued to build upon its position as a leading investment bank and one of Poland's major commercial banks. Rheinhyp BRE Bank Hipoteczny was the first Polish mortgage bank to receive a licence.

Commerzbank (Budapest) Rt. further enhanced its good position as a lead manager and co-lead manager of syndicated deals. Given strong expansion in both claims on and deposits by customers, interbank business was reduced accordingly.

CISAL: responsibility for precious metals

In Luxembourg, Commerzbank International S.A. (CISAL) was successful last year as well in the international markets. The special efforts made to expand precious metals business – where it is in charge of the Commerzbank Group's activities – proved to be worthwhile. The development of private client and fund business was similarly positive.

Commerzbank (Nederland) N.V., Amsterdam, is active in traditional lending and foreign commercial business as well as in money-market and foreign-exchange dealing. Given sharp lending growth, a capital increase was effected at year-end.

Asia back on an upward course

The surprisingly rapid recovery of the South-East Asian economy also benefitted our subsidiary in Singapore, Commerzbank (South East Asia) Ltd., enabling it to achieve a decidedly positive result. Singapore is to be built up as one of our regional centres for international private banking.

Korea Exchange Bank, in which we hold an interest of a good 30%, is the leading institution in Korea as regards the handling of external trade and foreign-exchange business. By disposing of equity investments and creating new management structures and risk-control procedures, it achieved marked progress with its restructuring.

Strong demand for corporate finance products

The Corporate Finance department is registering persistently strong expansion. Driven by a wave of mergers and takeovers, the growth of syndicated loan business in particular was very striking. In its first year of operations, the structured acquisition finance unit also achieved a respectable result. In this area, we became active eight times as lead or co-lead manager and were involved in 14 other financing deals. In Germany, we handled one of the first public-to-private transactions for what was at the time Honsel AG. It remains our goal to become one of Europe's leading banks in this segment.

Syndicated loan business was dominated above all in Western Europe by numerous large-scale financings in connection with company takeovers. While Commerzbank adhered to its selective lending policy, it again served as lead or co-lead manager for numerous transactions. Once more, most of the financing we provided was in connection with deals in Europe and North America; in Germany especially, the syndicated loan has gained greatly in significance.

In the special industries/project finance group, there was a similar surge in consulting and financing activities, supported by the improving economic conditions in Europe. Among the various industries, power stations and telecommunications were particularly important, due to the liberalization of these markets.

Despite the negative impact of the Asian crisis on many emerging markets, we arranged numerous major transactions in the area of long-term export finance, including the financing of deliveries by non-German firms. International ship finance, and also the financing of aircraft, developed well last year. As a result, Commerzbank claimed third place as an arranger of syndicated aircraft finance, with a total volume of US$1.55bn. As demand for air transport remains strong, we expect a solid boost for this area in the current year as well.

In 1999, the asset securitization unit again helped reduce the Bank's risk-weighted assets, at the same time receiving its first mandates from clients. As from this year, we are also offering European corporate clients these flexible instruments.

The most important function of the financial engineering group is to market individual consulting services. In view of the planned reform of company taxation in particular, and also the ever broader introduction of international accounting rules, we see attractive business opportunities.

Equity capital for business start-ups

Commerz Beteiligungsgesellschaft (CBG) is also on an expansion course. It has stepped up its provision of equity capital for technology-oriented business start-ups in industries with future potential. All told, CBG acquired new interests to the tune of €130m last year, making it one of the most active companies in its sector. This year, several companies in which CBG holds an interest are to be launched in the Neuer Markt.

Structure of Corporate Finance department

Participations

Asset Securitisation

Structured Acquisition Finance

Financial Engineering

Special Industries/ Project Finance

Export and Trade Finance

Syndicated Loans

Commerzbank worldwide

● Foreign branches

■ Representative offices

▲ Group companies and major foreign holdings

1	■	Copenhagen
2	▲	Dublin
3	▲	Amsterdam
4	● ▲	London
5	●	Antwerp
6	● ■ ▲	Brussels
7	▲ ■	Moscow
8	■	Minsk
9	■	Kiev
10	■ ▲	Warsaw
11	● ▲	Prague
12	●	Brno
13	■	Bratislava
14	▲	Budapest
15	■	Bucharest
16	■	Zagreb
17	▲	Luxembourg
18	● ▲	Paris
19	▲	Zurich
20	▲	Geneva
21	●	Milan
22	▲	Rome
23	■	Istanbul
24	●	Barcelona
25	●	Madrid

Investment banking

Our Investment Banking division, which includes besides Asset Management the departments Global Bonds, Global Equities and Treasury, made considerable progress in 1999 as well. In equities business, Commerzbank has now earned itself a good international reputation. In asset management, the performance of many of our funds put them in the premier European league. This year, the greatest challenge is to combine our equities and bonds departments to form a single powerful Securities department.

Investment Banking division

	1999	1998
Equity tied-up (€ m)	1,913	1,076
Return on equity (%)	22.1	37.9
Cost/income ratio (%)	64.6	54.2

Further expansion in asset management

Our Asset Management greatly benefitted from the boom in the international stock markets in terms of both performance and high inflows of new funds. At year-end, a staff of 1,800 was managing roughly €140bn worldwide at 23 units in 16 countries. Our objective remains to have companies of our own – whose identity and independence is quite consciously preserved – in all the major regions, coordinated by the Asset Management department.

Last year, too, we added to our network of asset-management companies. This included the purchase of a 45% stake in KEBIT in Seoul, which we now run as KEBIT Commerz Investment Trust Co. together with our South Korean affiliate, Korea Exchange Bank. Thanks to the newly established Commerz Asset Management (CZ) in Prague, we have become the first German bank to have its own asset-management company in the Czech Republic. Poland, where we are already well represented through Skarbiec, in which ADIG holds a 40% interest, has even greater potential as an investment market. With its market share of 19%, Skarbiec is Poland's number 2 in publicly-offered investment funds.

One of the major challenges of the current year is to develop distribution networks for asset-management services in Italy and Spain. Commerzbank Asset Management Italia opens for business in early April and will eventually employ up to 1,000 sales staff. At the same time, we will set up a subsidiary in Rome together with our bancassurance partner, Generali, to sell fund-based life insurance policies.

In Spain, the other large southern European growth market, another new subsidiary, Afina, will be responsible for selling asset-management products. It will also provide on-the-spot support for private-banking and institutional clients.

50 years of ADIG

At the focal point of events in 1999 was ADIG Allgemeine Deutsche Investment-Gesellschaft. In the year of its 50th anniversary, ADIG, which is thus the oldest German company offering investment funds to the public, became an integral part of the Commerzbank Group, following a reorganization of its ownership structure. We paid about €300m for the interests previously held by HypoVereinsbank. Under the agreement, the company also parted with several of its funds. All the same, by end-1999, the overall volume of funds managed by the ADIG/ALSA group was much higher than a year earlier at €35.1bn.

Our prime task now is to secure an even better position for ADIG as a recognized brand name for excellent fund management and good service. This involves expansion to reach European dimensions, direct selling, especially via the internet and cooperation agreements with external distribution partners. One encouraging success in this connection was the cooperation which began on November 1 with Volkswagen Bank direct, which will initially sell seven ADIG funds. Our fund-management company is confident, therefore, that it can compensate for the departure of its former large shareholder through internal growth.

Non-publicly-offered funds in demand
Commerzbank Investment Management was managing as many as 407 individual funds for German institutional investors at end-1999, their volume having increased by almost a quarter to around €33bn. Once again, there were very strong inflows into new funds, whereas a more subdued tendency emerged for additions to existing portfolios. This underlines the fact that competition for large institutional investments has become extremely keen. In this market, Commerzinvest is asserting its position remarkably well. It recently demonstrated afresh its capacity for innovation through the early use of DVFA performance presentation standards, which make comparisons between non-publicly-offered funds even more transparent.

Commerz International Capital Management – the counterpart to Commerzinvest for looking after international institutional investors – raised its volume of funds under management substantially to €9bn. The most important event was the launch of a European umbrella fund comprising seven promising sectoral funds. CICM's latest product, a special Islamic fund designed to reflect sharia rules, attracted unexpected media interest.

Foreign subsidiaries successful
For Jupiter International Group in the United Kingdom, 1999 was a year of exceptional successes. The company raised its assets under management considerably to €20.4bn, not least due to the outstanding performance of its products once again. Its financial results far exceeded our expectations. This was due in part to the systematically implemented strategic switch to higher-earning publicly-offered funds over the past few years.

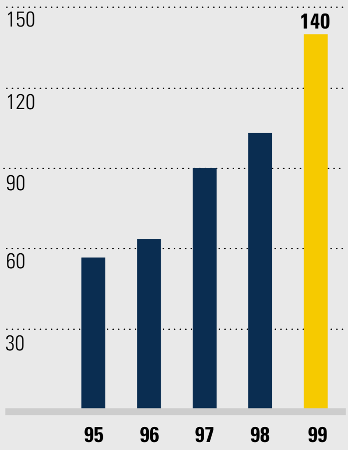
Montgomery Asset Management in San Francisco is also pursuing a strategy of international expansion. Together with our subsidiary in Tokyo, it has launched several funds for Japanese brokers and has been awarded its first mandate by a Japanese pension fund. In Germany, too, Montgomery now offers Commerzinvest's special-fund clients management services for US equity portfolios. At year-end, Montgomery together with Martingale Asset Management in Boston had funds of more than €11bn under management.

In France, Caisse Centrale de Réescompte has become the largest fund manager with a non-French majority shareholder. It continues to bear responsibility for our money-market funds. Its acquisition of 80% of the shares of CFCP, Paris, which primarily looks after high net-worth individuals, has interesting potential in terms of growth and earnings.

As an institution specializing in portfolio management and investment advice, Commerzbank (Switzerland) Ltd in Zurich, with a branch in Geneva, continues to play an important role within the framework of Commerzbank's global asset management. It is also involved in collateralized loan business and dealing in foreign currencies, securities and precious metals.

Assets under management

Commerzbank Group, € bn



Global Equities with a staff of almost 700

The Global Equities department brought its first full operative year to a successful conclusion. This holds true for both the development of earnings and the continued extension of its organizational structures and product range. In the meantime, Global Equities employs practically 700 people in Frankfurt, London, New York and Tokyo in eight areas – covering research and new issues, customer trading, and the especially profitable equity derivatives. Its strategic thrust is focused on Europe. Here we intend to become a leading institution offering European products but global sales. In the meantime, over 110 analysts offer our institutional clients high-quality fundamental and quantitative research.

In the German stock market, an unprecedented wave of initial public offerings (IPOs) provided the main attractions. We belonged to the syndicate for altogether 35 bourse newcomers, serving as sole lead manager in ten instances and as co-lead manager once. In the league table of banks for the Neuer Markt, we moved up from tenth into second place. We also played an active role – nationally and internationally – in numerous capital increases, share buy-backs and so-called block trades.

In a list published for the first time by the Frankfurt Stock Exchange on the quality of the support provided for companies taking part in electronic XETRA trading, we were given the best rating, AA. For 134 listed securities, we are the so-called designated sponsor and are thus well ahead of the other banks and investment houses which were rated.

One of our strengths continued to be our broad range of modern and attractive investment products for institutional and retail customers. Last year, we issued high-coupon reverse convertible bonds in an overall amount of €1.3bn, which meant that we were easily the market leader in Germany. Our certificates – often in discounted form – on equity indices or individual shares, and also our numerous warrant issues, met with equally lively interest.

Difficult interest-rate environment

In view of last year's unexpectedly strong rise in interest rates in the European bond market, the Global Bonds department found itself confronted with more difficult market conditions than in previous years. Nevertheless, we are satisfied with the results that were achieved. At present, a staff of 350 or so, for the most part in Frankfurt, London, New York and Prague, look after our institutional clients. In bond business as well, we combine international distribution with a concentration of our resources on Europe, and here above all on our specific product strengths such as jumbo *Pfandbriefe*, swaps and financial innovations. We were involved in 109 jumbo *Pfandbrief* issues totalling €16bn, and, with a market share of 14%, we have a good position among European issuing banks. The competition to secure such mandates has grown far keener, especially for German institutions, since their former D-mark privilege has been eliminated.

Our Prague subsidiary, Commerzbank Capital Markets (Eastern Europe), which is still a fairly young venture, has already built up a good reputation for itself in the capital markets of

Central and Eastern Europe. It was voted best broker in the Czech Republic by the magazine *Euromoney*.

Single management for equities and bonds

At end-1999, we decided to merge the two previous departments Global Equities and Global Bonds to form a single unit under one management. We look to our new Securities department, into which our specialist team for mergers and acquisitions that has been operative since the start of 1999 has also been integrated, to generate notable synergy effects in customer service and to make our product range and sales more dynamic. At the same time, the links between investment and commercial banking are to be strengthened. This will enable us to offer large corporate clients and institutional investors in particular specially tailored financial services.

Forex trading goes internet

For the Treasury and Financial Products department, 1999 was another good year. Despite the difficult interest-rate environment, we raised our earnings in interest-rate derivatives trading. In our funding, we used structured finance instruments, such as reverse convertibles, to a greater extent. In the near future, we intend to step up our non-European new issues business – in Japan's reviving Samurai market, for instance, or in Australia. For the US market, we are preparing a new medium-term note programme.

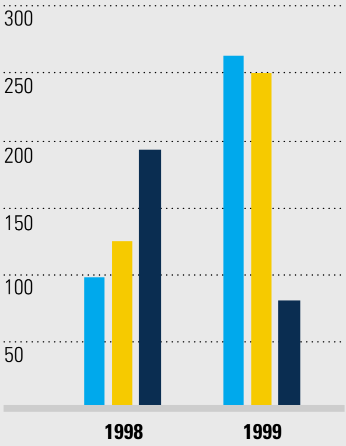
In the first year after the launch of the euro and consequently the loss of important trading opportunities in the former European currencies, we continued our efforts to diversify into dealing in third currencies. At the same time, great care was taken to modernize the technical infrastructure. In the meantime, more than 80% of the volume of interbank foreign-currency trading is handled by means of electronic systems. Commerzbank has been awarded the title of “best electronic matching bank”, confirming that it is the most competent trading partner in this virtual world. We intend to steadily pursue this course, especially as regards internet-based trading platforms for our branches and customers, enabling them to conduct transactions with us directly by computer in the future. Small to medium-sized businesses and derivative products offer great potential in Germany, which we want to explore systematically.

Dealing in foreign notes and coin, which we have steadily expanded in recent years, achieved another record result. In this area, Commerzbank is now one of Europe's four largest institutions.

Commerz Futures in Chicago has specialized in listed financial futures for the Group and for institutional investors. More than 50 dealers are now active on the trading floor of the two major Chicago exchanges on behalf of our subsidiary. Last year, they handled almost 9 million contracts.

Commerzbank Group's trading result

in € m



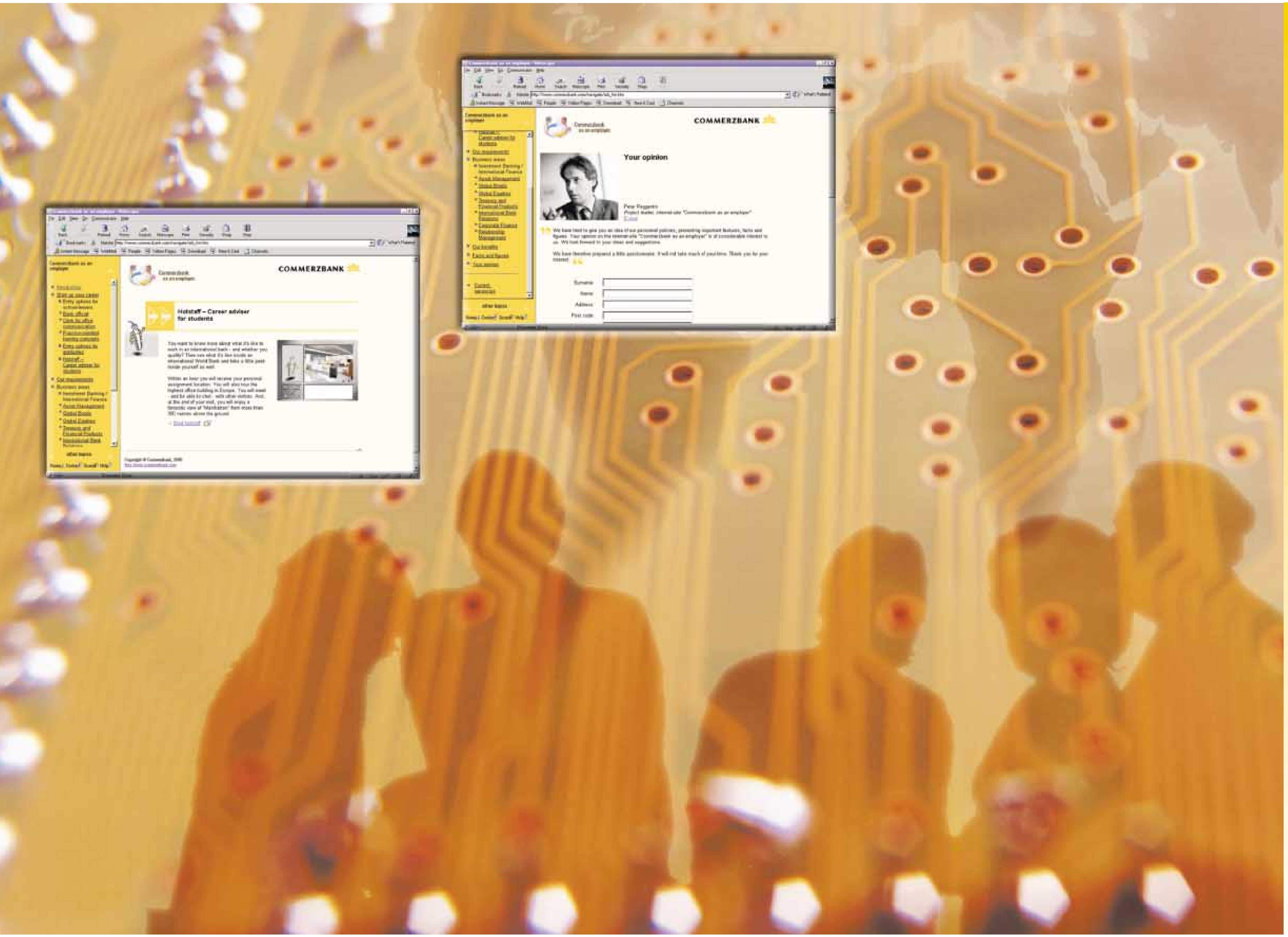
Trading in

🟦 equities and other price risks

🟨 interest-rate risks

■ foreign exchange, precious metals and foreign notes and coin

Staff and welfare report



At end-1999, the Commerzbank Group had a workforce of 34,870, 2,277 more than a year earlier. For one thing, we created 1,789 new jobs, primarily in Investment Banking and Information Technology, but also at our foreign outlets, which accounted all by themselves for an extra 362 staff. For another, our figures include ADIG's 488 employees for the first time.

Further expansion of about 800 people is planned for the current year; this will create the necessary additional resources needed above all for Investment Banking, the extension of comdirect bank's activities to other European countries and the newly formed Commerz NetBusiness.

As the specialists and executives we are looking for are in great demand, the recruitment of practically 1,800 extra staff represented a special challenge for our Human Resources section, whose personnel was reduced at the same time. The number of jobs in banking for executives and academics that appear in daily newspapers has trebled in the past five years. This abundance of vacancies is making it easier to change jobs. For this reason, it is more important than ever for Commerzbank to position itself as an attractive employer.

In order to recruit successfully, we select the media employed to suit the target group we want to reach. We use job ads in the press and on the internet, we take part in special recruitment fairs, executive search, and increasingly we are making use of internet application forms. Through this new instrument, we have received many well-qualified applications for the IT and investment banking areas – at comparatively low cost.

The "Employees recruit new employees" campaign called upon our staff to get friends, acquaintances and relatives to join Commerzbank. Thanks to the great commitment of our employees, we were able to fill 238 positions in this way within nine months.

Personnel work reflecting basic principles

The core messages of our updated and newly formulated Group basic principles are reflected in our thinking and actions, our work, and our day-to-day dealings with one another. At the same time, they provide the yardstick, and a challenge, for our personnel activities:

"We strive to maximize long-term profitability"

Outstanding performance on the part of our employees is the key to the Bank's success. By agreeing upon concrete targets and judging performance, we make performance measurable. We have further modified performance assessment, the process of fixing targets, variable compensation and the management of basic salaries for staff on individually negotiated salaries. As a result, team performance will play an important role, alongside individual performance, among the components of variable compensation in the future as well.

*"We produce innovative solutions to meet the constant challenges of the market"**

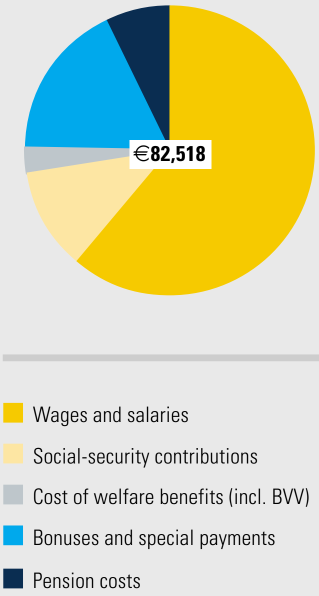
Apart from a friendly approach and service, our customers expect sound advice and appropriate solutions to their problems. For this reason, we need well-trained staff, who constantly extend their knowledge, keeping up with the latest developments. As a new, efficient form for raising qualification levels, we have developed our own study materials, with whose help all our staff can refresh and extend their knowledge. Tests are used to monitor the individual's success. For courses, too, we intend in future – with the approval of the staff council – to run selective tests on the subject matter covered. In this way, we promote the professional quality of our employees – an important component in competition.

*"Self-confidence, persistence and critical loyalty are our distinguishing features"**

With the launch of management circle A for top-level managers and the existing management circles B and C, we

Average personnel costs within Group

1999, per employee



**) Quoted from the Commerzbank Group's basic principles "Shaping the future"*

Data on Commerzbank's personnel*)

	1999	1998	Change in %
Total staff (Group)1)	**34,870****	**32,593**	**7.0**
Permanent staff (Group)2)	**31,073**	**28,967**	**7.3**
Total staff (Parent Bank)1)	**29,190**	**28,083**	**3.9**
– incl.: based abroad	2,122	1,894	12.0
– incl.: apprentices	1,619	1,587	2.0
Permanent staff (Parent Bank)2)	**25,683**	**24,695**	**4.0**
Ratio of apprentices to permanent staff3)	**6.1%**	**6.1%**	
Years of service			
– more than 10	47.1%	47.3%	
– more than 20	20.8%	21.2%	
Staff turnover4)	**5.8%**	**5.1%**	
Total pensioners and surviving dependents	**9,210**	**8,823**	**4.4**
– incl. those retiring during the year	473	451	4.9
– those entering early retirement	166	212	-21.7
Older staff on part-time scheme	216	187	15.5

*) actual number employed; **) incl. ADIG staff; 1) incl. cleaning and kitchen personnel, excluding staff on maternity leave and long-term sick; 2) employees, excl. apprentices, junior executive staff, temporary staff, volunteers, cleaning and kitchen personnel, staff on maternity leave, and long-term sick; 3) annual average; 4) due to staff giving notice.

are able to offer, for the first time, a complete system in Germany for developing managerial skills. This model, unique in German banking, gives us an integrated approach to identifying, selecting and qualifying managerial staff for positions of greater responsibility. Before being admitted to management circle A, candidates must have taken part successfully in an internal management audit.

With the newly developed international management circle C, we are giving young employees from our units outside Germany and employees in the departments that are active worldwide the opportunity to prepare themselves systematically for a managerial position. The selection procedures and the relevant courses will be offered in Frankfurt and London, and later in Singapore, New York and Tokyo as well.

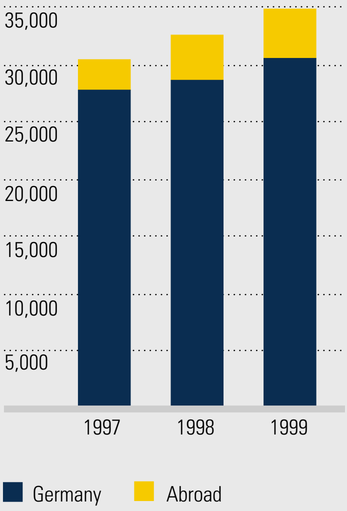
*"We want our customers to be satisfied and to benefit from our activities"**
More flexible working times have long been important for Commerzbank. Our customers appreciate and use the flexible access they have to their account managers. 76% of our branches have already adopted variable working hours – and the tendency is still growing. This is also borne out by our part-time ratio, which has risen above 15% this year.

In order to promote such forms as part-time work or job-sharing, we organized an internal competition on flexible working times in April 1999. 125 teams presented their individual work schedules. A jury, which also included the president of the German Federal Labour Office, Bernhardt Jagoda, awarded prizes to altogether 81 of these entries.

We wish to take this opportunity to thank all employee representatives, the senior staff spokesmen's committee, and also representatives of the Bank's younger personnel and the physically disabled for the not always easy, but ever constructive cooperation in the past year. We should like to thank all our active staff, as well as those who retired in the course of the past year. Through their strong commitment and their professional skill, they contributed to our Bank's good business performance.

Changes in staff numbers

Commerzbank Group



Our share, strategy and outlook

Commerzbank's 410,000 shareholders

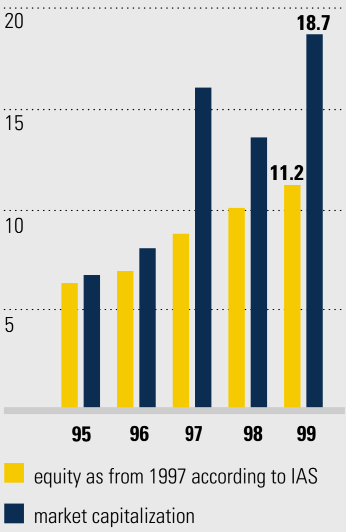
Performance of the Commerzbank share

For years, we have given high priority to the transparency of our figures and to the clear presentation of both our results and our prospects. This year's Annual Report allows even closer scrutiny of our activities. In the Risk Report in particular, our shareholders will find additional criteria for an investment decision in favour of Commerzbank shares.

In order to intensify communication with our shareholders, we have made our internet site even more informative. The immediacy and speed with which we can inform people worldwide have prompted us to build an even stronger presence in this medium in the future. We intend to strengthen our relationship with investors by setting up internet pages dealing with the specific needs of the various groups of shareholders.

Equity and market capitalization

Commerzbank Group, € bn



Price rise of 35.3%

Last year, the Commerzbank share was one of the most actively traded on the German stock market. With a volume of 1.6bn units, it accounted for 2.6% of the overall turnover in German equities; this put it in seventh place. We look upon the brisk trading of our share as a sign of its attractiveness. Above all in the second half of 1999, turnover bucked the sectoral trend and increased markedly. This development was maintained at the start of the current year.

Price performance, like turnover, was also more dynamic in the second half of 1999 than in the first six months. In addition to takeover and merger rumours, it was above all our clear strategic approach that helped boost the price of our share. We regard this as an incentive to continue to develop our business activities under our own steam.

The price of the Commerzbank share rose 35.3% last year. By December 30, it had reached €36.45. Its performance was thus 15 percentage points better than that of the Euro Stoxx banks index. Since the launch of the euro, we regard this index as the relevant benchmark for our share. We have offered our executives a long-term performance plan partly linked to the absolute performance of the Commerzbank share and partly to its development relative to the Euro Stoxx banks index. Participation in this scheme requires a graduated investment by executives themselves in Commerzbank shares.

Confident for year 2000

The restructuring our corporate divisions is intended to make the Bank even more customer-oriented. The new organization is expected to have a positive impact on earnings within a fairly short time.

In the Retail Banking and Real Estate division in particular, we look to the current year to produce another marked improvement in results. Now that our innovative, data-based approach to distribution has been successfully introduced nationwide, the cost/income ratio should decline considerably.

New distribution channels becoming more important

Within the Commerzbank Group, comdirect bank is becoming ever more important as a distribution channel. By year-end, it should have about 500,000 customers in Germany. The business-policy focus of this leading direct broker in Germany and Europe is currently on European expansion. In the United Kingdom as well as in France and Italy, the launch of brokerage activities via internet is planned for this year. Although this will mean substantial expenses – especially marketing costs – which will dampen earnings performance in the short run, there is no alternative to these investments in the future. A fresh surge in earnings is likely even by 2001. At all events, we intend to work with our new partners – principally T-Online and ProSieben – to build upon comdirect bank's top position in Europe. In order to realize this ambition, rapid entry into the major European markets is essential.

For Commerzbank customers as well, the role of the electronic media in handling banking transactions is becoming much more significant. With Commerz NetBusiness (CNB), we are creating an important internet portal and are offering not only our own financial products but also the products and services of third parties. We believe that providing more ways of access to the Bank is the key to ensuring that our business with retail and corporate customers will remain profitable in the long run.

The earnings performance of the Corporate Banking and Institutions division will benefit from another decline in provisioning this year. We expect the expansion of our asset-backed securities programme to lead to no more than an insignificant rise in our risk-weighted assets. This should also be seen against the background of our efforts to restrict credit growth in our business with multinationals due to the narrow margins.

Our South Korean affiliate, Korea Exchange Bank (KEB), will also feel the positive effect of a turnaround in earnings. After a loss equivalent to about €600m in the 1999 financial year, KEB expects a balanced result at least in the current year.

Programmed for growth in Investment Banking

After major internal changes, we can now make better use of market opportunities in Investment Banking and offer customers even higher-quality service. It is important here that equities and bonds have been integrated under a single management in order to reflect the ever stronger interlocking of the two areas. Following substantial investment in people and technology over the past two years, the rise in costs will now flatten out perceptibly. All the same, earnings performance for equities business up to now shows that our strategy of building our own operations was the right one. By contrast, we have to catch up in the bond area in order to achieve our objective of becoming one of Europe's major bond institutions.

In asset management, our goal is to firmly establish ADIG in the market as one of the leading European managers of investment funds. The first full consolidation of ADIG will produce another jump in commission income from investment business. We also expect the earnings of the other fund management companies to remain dynamic. In the case of Jupiter International Group alone, a lower result is likely after the record achieved in 1999.

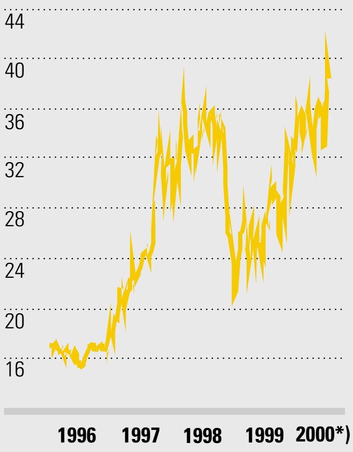
Focus on earnings growth and cost management

In order to draw closer to our target of an after-tax return on equity of 15% for the Commerzbank Group as a whole, we are shifting the emphasis appreciably in our business activities, and are thus adopting an earnings-oriented approach to equity allocation.

First of all, though, we have to reduce the increase in costs perceptibly. After the cost-intensive special projects of recent years – the euro, the so-called millennium change, etc. – our non-personnel costs are being brought down to a normal level. Personnel expenses, on the other hand, are rising once again, partly due to basis effects. The growth rate for our total operating expenses should not exceed a mid-range single figure.

Performance of the Commerzbank share

week-end figures, in €



*) January and February

On the earnings side, we expect a boost for interest income from the return on our investments and also from current operative business. The increase should at least keep pace with the planned business expansion of 6%. In our planning, the economic recovery in Germany and elsewhere finds expression in a further decline of provisioning. As a result, net interest income after provisioning should once again be much stronger than in the previous year.

The high investment over the past few years, above all in the Securities department, will give fresh impetus to the encouraging profit trend for commission-earning business.

After a weak final quarter, we expect our trading result to be once again well above that achieved in the previous financial year. Income from financial investments should also make an important contribution to the Group's results. The planned IPO of comdirect bank and the agreements reached with Deutsche Telekom/T-Online are of considerable significance in this connection.

All in all, we are confident that we can raise our return on equity further in the direction of 15% this year. Our optimism is confirmed by the Bank's earnings performance at the start of the present year. In view of the costs which are bound up with our business expansion and the high investments in the future, we will not quite be able to achieve this target, as we had once planned to do, in the year 2000.

Key Commerzbank dates in 2000/2001

End-April/early May	Interim report as of March 31, 2000
May 26, 2000, 10.00 a.m.	AGM, Jahrhunderthalle Frankfurt am Main-Höchst
May 29, 2000	Dividend payment
May/June 2000	IPO of comdirect bank AG
End-July/early August 2000	Interim report as of June 30, 2000
November 15, 2000	Interim report as of September 30, 2000
November 16, 2000	DVFA analysts' conference, Frankfurt am Main
May 25, 2001	AGM, Jahrhunderthalle Frankfurt am Main-Höchst

Financial statements in accordance with the International Accounting Standards (IAS) for the Commerzbank Group as of December 31, 1999

Commerzbank's consolidated income statement

	Notes	1.1.-31.12.1999 € m	1.1.-31.12.1998 € m	Change in %
Interest received		20,570	16,022	28.4
Interest paid		17,363	12,918	34.4
Net interest income	(22)	3,207	3,104	3.3
Provisions for possible loan losses	(8; 23; 37)	–689	–881	–21.8
Net interest income after provisioning		2,518	2,223	13.3
Commissions received		2,363	1,773	33.3
Commissions paid		170	102	66.7
Net commission income	(24)	2,193	1,671	31.2
Trading profit	(25)	592	413	43.3
Result on financial investments	(26; 42)	595	553	7.6
Operating expenses	(27; 42)	4,476	3,612	23.9
Other operating result	(28)	–51	–8	–
Profit from ordinary activities		**1,371**	**1,240**	**10.6**
Extraordinary result		–	–	–
Pre-tax profit		**1,371**	**1,240**	**10.6**
Taxes on income	(29)	396	298	32.9
After-tax profit		**975**	**942**	**3.5**
Profit/loss attributable to minority interests		–64	–50	28.0
Net profit	(30)	**911**	**892**	**2.1**

Appropriation of profit	1999 € m	1998 € m	Change in %
Net profit	911	892	2.1
Allocation to retained earnings	500	512	–2.3
Consolidated profit	**411**	**380**	**8.2**

The consolidated profit corresponds to the distributable profit of Commerzbank AG. The proposal will be made to the AGM to resolve payment of €411m from the net profit of Commerzbank Aktiengesellschaft, which will represent a dividend of €0.80 per share.

Earnings per share		1999 €	1998 €
Basic earnings per share	(30)	1.83	1.91
Diluted earnings per share	(30)	1.83	1.89

Commerzbank's consolidated balance sheet

Assets	Notes	31.12.1999 € m	31.12.1998 € m	Change in %
Cash reserve	(6; 32)	8,952	6,734	32.9
Claims on banks	(7; 33; 35; 36)	50,040	58,161	–14.0
Claims on customers	(7; 34; 35; 36)	203,531	184,254	10.5
Provision for possible loan losses	(8; 37)	–5,376	–4,855	10.7
Assets held for dealing purposes	(10; 38)	45,058	34,237	31.6
Financial investments	(11; 39; 42)	62,029	41,725	48.7
Intangible assets	(12; 40; 42)	582	386	50.8
Fixed assets	(13; 41; 42)	2,265	2,074	9.2
Other assets	(14; 43)	4,959	3,495	41.9
Total		**372,040**	**326,211**	**14.0**

Liabilities and equity	Notes	31.12.1999 € m	31.12.1998 € m	Change in %
Liabilities to banks	(15; 35; 44)	72,661	67,733	7.3
Liabilities to customers	(15; 35; 45)	91,042	93,587	–2.7
Securitized liabilities	(15; 46)	156,967	121,812	28.9
Liabilities from dealing activities	(16; 47)	24,305	21,530	12.9
Provisions	(17; 18; 48)	2,530	2,209	14.5
Other liabilities	(49)	4,432	3,174	39.6
Subordinated capital	(50)	8,277	5,512	50.2
Minority interests		685	594	15.3
Equity	(21; 51; 52; 53)	11,141	10,060	10.7
Subscribed capital		1,335	1,267	5.4
Capital reserve		5,390	5,065	6.4
Retained earnings		4,005	3,348	19.6
Consolidated profit		411	380	8.2
Total		**372,040**	**326,211**	**14.0**

Statement of changes in equity

€ m	Subscribed capital	Capital reserve	Retained earnings	Consoli-dated profit	Total 1999	Total 1998
Equity as of 1.1.	1,267	5,065	3,348	380	10,060	8,765
Capital increase	9	114	–	–	123	630
Issue of shares to employees	4	40	–	–	44	53
Conversion of convertible profit-sharing certificates	–	–	–	–	–	60
Shares issued through exercising of option rights	32	184	–	–	216	22
Allocation to retained earnings from net profit	–	–	500	–	500	512
Distribution of profit	–	–	–	–380	–380	–344
Consolidated profit	–	–	–	411	411	380
Differences due to currency translation and other changes	22	–22	157	–	157	–26
Purchase of treasury shares	–0	–3	–	–	–3	–13
Sale of treasury shares	1	12	–	–	13	21
Equity as of 31.12.	**1,335**	**5,390**	**4,005**	**411**	**11,141**	**10,060**

In accordance with the resolution of the Annual General Meeting of May 21, 1999, the converted share capital of €1,268m was increased by means of a capital increase from corporate reserves by €22m to €1,290m through conversion of part of the capital reserve, in order to establish a pro-rata amount of exactly €2.60 per no-par-value share. The capital increase was effected without the issue of new shares. The conversion amount is shown under other changes.

The Bank made use of the authorization – resolved at the Annual General Meeting of May 21, 1999 – to purchase its own shares pursuant to Art. 71, (1), 7, German Stock Corporation Act for the purpose of securities trading. Gains of €1m from trading in the Bank's own shares do not appear in the income statement and are shown under other changes.

No use was made in the 1999 financial year of the resolution of the Annual General Meeting of May 21, 1999, authorizing the Bank to repurchase its own shares pursuant to Art. 71, (1), 8, German Stock Corporation Act, for purposes other than securities trading.

Cash flow statement of the Commerzbank Group

€ m	1999	1998
Net profit	**911**	**892**
Non-cash positions in net profit and adjustments to reconcile net profit with net cash provided by operating activities:		
Write-downs, depreciation, adjustments, write-ups to fixed and financial assets and changes in provisions	2,986	1,829
Change in other non-cash positions:		
Positive and negative market values from financial derivative instruments	–1,042	1,737
Net allocations to deferred taxes	305	–162
Profit from the sale of financial investments	–640	–553
Profit from the sale of fixed assets	–7	–22
Other adjustments (net)	–3,206	–3,074
Sub-total	–693	647
Change in assets and liabilities from operating activities after correction for non-cash components:		
Claims on banks	8,121	–13,071
Claims on customers	–19,276	–21,493
Securities held for dealing purposes	–6,966	3,384
Other assets from operating activities	–6,689	–1,035
Liabilities to banks	4,927	17,637
Liabilities to customers	–2,545	264
Securitized liabilities	35,155	24,628
Other liabilities from operating activities	1,176	106
Interest and dividends received	20,569	15,886
Interest paid	–17,363	–12,813
Income tax paid	–975	–177
Net cash provided by operating activities	**15,441**	**13,963**
Proceeds from the sale of:		
Financial investments	33,176	11,357
Fixed assets	292	104
Payments for the acquisition of:		
Financial investments	–48,215	–24,819
Fixed assets	–880	–779
Effects of changes in the group of companies included in the consolidation	0	69
Payments from the acquisition of subsidiaries	–309	0
Net cash used by investing activities	**–15,936**	**–14,068**
Proceeds from capital increases	393	774
Dividends paid	–380	–344
Other financing activities (net)	2,765	–120
Net cash provided by financing activities	**2,778**	**310**
Cash and cash equivalents at end of previous period	**6,734**	**6,522**
Net cash provided by operating activities	15,441	13,963
Net cash used by investing activities	–15,936	–14,068
Net cash provided by financing activities	2,778	310
Effects of exchange-rate changes on cash and cash equivalents	–65	7
Cash and cash equivalents at end of period	**8,952**	**6,734**

The cash flow statement shows changes in cash and cash equivalents. The cash flow statement shows payment flows broken down into operating activities, investing activities and financing activities. Cash and cash equivalents are represented by the balance-sheet item Cash reserve. It includes cash on hand, balances held at central banks and also debt issued by public-sector borrowers and bills of exchange eligible for rediscounting at central banks. Claims on banks which are due on demand are not included as we regard these as part of operating business.

Consolidated accounting principles

As in the previous year, the Commerzbank Group's financial statements as of December 31, 1999 were drawn up in accordance with the directives 83/349/EEC (directive on consolidated financial statements) and 86/635/EEC (directive on annual accounts of banks) on the basis of the International Accounting Standards (IASs) approved and published by the International Accounting Committee (IASC) and with their interpretation by the Standing Interpretations Committee (SIC). A summary of the regulations that have been applied can be found on page 65. The necessary compliance with the directive on the annual accounts of banks was achieved by means of the appropriate structuring of items in the Notes. Through Art. 292a, which was added to the German Commercial Code (HGB) under the legislation to ease the raising of capital (KapAEG), these consolidated financial statements drawn up in accordance with IAS meet the obligations with regard to financial reporting.

In the preparation of the consolidated financial statements, the relevant requirements of the German legislation for control and transparency in the corporate sector (KonTraG) were met in the notes on the consolidated accounts. In addition, a report on the risks related to future developments appears on pages 15 to 28 of the Management Report.

In addition to the income statement and the balance sheet, the consolidated financial statements comprise the statement of changes in equity, a cash flow statement and the notes. Segment reporting appears in the notes on pages 80-83.

Unless otherwise indicated, all the amounts are shown in millions of euros (€ m).

Accounting and valuation methods

(1) Basic principles

The consolidated financial statements are based on the going concern principle. Income and expenses are registered on a pro-rata basis; they are recognized and shown for the period to which they may be assigned in economic terms. As a matter of principle, the Commerzbank Group's accounting shows items at cost, with the exception of trading portfolios, which appear at either their fair value or their market value.

All the companies included in the consolidation prepared their financial statements as of December 31, 1999.

In accordance with IAS 27, we apply uniform accounting and valuation methods throughout the Commerzbank Group when preparing the financial statements.

(2) IAS and SIC interpretations

There is regularly a gap in time between the approval (or publication) of an IAS or an interpretation by the SIC and its effective date. As a rule, however, the IASC recommends the early application of not yet effective (but already approved) individual IASs and SIC interpretations. As a result, various possibilities exist for drawing up accounts which comply with IAS.

Within the Commerzbank Group, we based our accounting and valuation on all the IASs approved and published by

December 31, 1999, and on their interpretation by the SIC, even if they have yet to become binding in force. The exceptions here are IAS 39 and SIC 12.

Our consolidated financial statement for 1999 is based, therefore, on the following IASs with relevance for the Commerzbank Group:

IAS 1	Presentation of financial statements
IAS 4	Depreciation accounting (partly revoked, amended or complemented by application of IAS 36 and 38)
IAS 7	Cash flow statements
IAS 8	Profit or loss for the period, fundamental errors and changes in accounting policies
IAS 10	Contingencies and events occurring after the balance-sheet date (the sections replaced by IAS 37 have not been applied)
IAS 12	Income taxes
IAS 14	Segment reporting
IAS 16 (rev. 1998)	Property, plant and equipment
IAS 17	Leases
IAS 18	Revenue
IAS 19	Employee benefits
IAS 21	The effects of changes in foreign exchange rates
IAS 22 (rev. 1998)	Business combinations
IAS 23	Borrowing costs
IAS 24	Related party disclosures
IAS 25	Accounting for investments
IAS 27	Consolidated financial statements and accounting for investments in subsidiaries
IAS 28 (rev. 1998)	Accounting for investments in associates
IAS 30	Disclosures in the financial statements of banks and similar financial institutions
IAS 31 (rev. 1998)	Financial reporting of interests in joint ventures
IAS 32	Financial instruments: disclosures and presentation
IAS 33	Earnings per share
IAS 36	Impairment of assets
IAS 37	Provisions, contingent liabilities and contingent assets
IAS 38	Intangible assets

On the basis of IAS 1, paragraph 11, we have applied the following SIC interpretations that are relevant for us:

		relates to
SIC-2	Consistency – capitalization of borrowing costs	IAS 23
SIC-3	Elimination of unrealized profits and losses on transactions with associates	IAS 28
SIC-5	Classification of financial instruments – contingent settlement provisions	IAS 32
SIC-6	Costs of modifying existing software	IAS framework
SIC-7	Introduction of the euro	IAS 21
SIC-15	Operating leases – incentives	IAS 17
SIC-16	Share capital – reacquired own equity instruments (treasury shares)	IAS 32

In addition, the presentation of the cash flow statement is already based on the existing draft of Deutsches Rechnungslegungs Standards Committee (DRSC) for banks' cash flows (E DRS-2-10). Segment reporting, too, has been extended in keeping with the standard draft for banks' segment reporting (E DRS-3-10).

(3) Consolidated companies

The consolidated financial statements as of December 31, 1999, include in addition to the Parent Bank – Commerzbank AG – all 102 subsidiaries (97 in 1998), in which Commerzbank AG holds more than 50% of the capital directly or indirectly, or exerts control over them. Of these, 44 have their legal seat in Germany (44 in 1998) and 58 (53 in 1998) elsewhere. The Commerzbank Group has no subsidiaries with divergent business activities which would have to be included under IAS rules.

Deutsche Schiffsbank AG (Bremen/Hamburg) has once again been consolidated on a pro-rata basis, reflecting our 40% shareholding in the company. Eight major associated companies (12 in 1998) – four of them based in Germany – are valued using the equity method.

142 subsidiaries and associated companies (140 in 1998) of marginal significance for the Group's asset and financial position and earnings performance have not been included; instead, they have been shown using the cost method under financial investments as holdings in affiliated companies or investments. In terms of the Group's overall balance-sheet total, a difference of less than 0.1% arises as a result (0.1% in 1998).

The Commerzbank Group also comprises two sub-groups:

- CommerzLeasing und Immobilien GmbH, Düsseldorf
- Jupiter International Group PLC, London

which have presented sub-group financial statements.

The following ten subsidiaries – three of them based in Germany – were included in the consolidation for the first time in 1999:

- CFB Verwaltung und Treuhand GmbH, Düsseldorf
- comdirect ltd., London
- Commerz NetBusiness AG, Frankfurt am Main
- Commerzbank Asset Management Italia S.p.A., Rome
- Commerzbank (Eurasija) SAO, Moscow
- Commerz Equity Investments Ltd., London
- Haus am Kai 2 0.0.0., Moscow
- Immobiliengesellschaft Ost Hägle spol s.r.o., Prague
- RHEINHYP-BRE Bank Hipoteczny S.A., Warsaw
- TOMO Vermögensverwaltungsgesellschaft mbH, Frankfurt am Main

The following enterprises shown at equity in the previous year

- ADIG Allgemeine Deutsche Investment-Gesellschaft mbH, Munich/Frankfurt am Main
- ADIG-Investment Luxemburg S.A., Luxembourg

were included as subsidiaries in the consolidated financial statements as of December 31, 1999. This gave rise to no major effects as far as the Group's income statement and balance sheet were concerned. After the increase in the shareholding, 85.4% (42.7% in 1998) of the capital of ADIG, Munich, is held and 96.4% (48.2% in 1998) of that of ADIG, Luxembourg. The purchase price for the newly acquired interests was €309m altogether. The goodwill amounting to €183m deriving from the acquisition has been shown under intangible assets.

The following seven companies have been removed from the list of consolidated companies:

- CI Management Ltd., Bermuda
- FP Ltd., Bermuda
- HK Ltd., Bermuda
- ALTINUM GVG mbH & Co. Objekt Neu-Isenburg KG, Düsseldorf
- NORA GVG mbH & Co. Objekt Lampertheim KG, Düsseldorf
- NORA GVG mbH & Co. Objekte Plön und Preetz KG, Düsseldorf
- OPTIO GVG mbH & Co. Objekt Hannover Hanomagstrasse KG, Düsseldorf

WinCom Versicherungs-Holding AG, Wiesbaden, which was shown at equity as an associated company with a shareholding of 25%, was sold last year as part of the strategic refocusing of our Group. In the 1999 financial year, Korea Exchange Bank, Seoul, and Korea International Merchant Bank, Seoul, merged and now bear the name Korea Exchange Bank. The two institutions were included in our 1998 financial statements as associated companies; for 1999, Korea Exchange Bank is shown at equity.

A comprehensive list of all the companies included in our consolidated financial statements can be found on pages 112 to 114.

(4) Principles of consolidation

The consolidation of the capital accounts is based on the book-value method, whereby the historical cost of the shareholding in the consolidated company is set off against the share of the subsidiary's equity that was held at the time of the acquisition. Insofar as is necessary, positive differences in amount are assigned to the subsidiary's assets. If any positive differences remain after such assignment, these are shown as goodwill under intangible assets in the balance sheet and are depreciated to reflect their probable useful economic lives over 15 years using the straight-line method; this is charged against the other operating result.

Claims and liabilities deriving from business relations between Group companies, as well as liabilities and expenses or income, are eliminated as part of the consolidation of earnings; intra-Group book gains registered during the financial year are eliminated insofar as they are not of minor importance.

The same principles are applied in the consolidation of companies included on a pro-rata basis.

Associated companies are valued according to the equity method and are shown as investments in associated companies under financial investments. No intra-Group book gains during the financial year are included.

The value of these investments and the differences in amount (goodwill) are worked out at the time of their first inclusion in the consolidated financial statements. Local financial statements were used for the at equity valuation.

Holdings in subsidiaries not consolidated because of their marginal significance and investments held for resale purposes are shown at cost under financial investments.

Interests held by minority shareholders in equity and profits are shown separately from borrowed funds and equity as minority interests.

(5) Currency translation

Assets and debts and also items from the income statement which are denominated in foreign currencies, as well as immatured spot foreign-exchange transactions, are translated at the spot middle rate of the balance-sheet date, while forward foreign-exchange transactions are translated at the forward rate of the balance-sheet date. Currency translation for investments and holdings in subsidiaries that are denominated in foreign currencies is effected at historical cost. Translation gains and losses from the consolidation of the capital accounts are netted against retained earnings.

As a result of their economically independent business activities, the financial statements of our units abroad drawn up in foreign currencies are translated into euros at the spot rate of the balance-sheet date (current rate method).

The expenses and income generated by the translation of balance-sheet items appear in the income statement. Hedged expenses and income are translated at the contractual forward rate.

The following conversion rates (rate per €1 in the respective currency) apply for the currencies outside the euro-zone that are most important to the Commerzbank Group:

	31.12.1999	31.12.1998
USD	1.0046	1.1691
JPY	102.73	134.84
GBP	0.6217	0.699
CHF	1.6051	1.6005

(6) Cash reserve

With the exception of debt issued by public-sector borrowers, which has been shown at its present value, all the items appear at their nominal value.

(7) Claims

Claims on banks and customers are shown at either their nominal value or at cost. Premiums and discounts – i.e. differences between the amount paid out and the nominal amounts – are recognized as deferred items under other assets or other liabilities and booked on a pro-rata basis as interest paid or interest received.

Promissory notes in the Bank's trading portfolio are not shown under claims, but rather under assets held for dealing purposes.

(8) Provision for possible loan losses

We fully provide for the particular risks associated with banking business by forming individual value adjustments, country value adjustments and global value adjustments. No value adjustments exist for tax reasons.

In order to cover the lending risks presented by claims on customers and banks, we have formed individual value adjustments according to uniform standards for the Group, reflecting the scale of the potential loan loss.

In the case of loans to borrowers involving an enhanced transfer risk (country risk), the economic situation is assessed on the basis of economic data, such as the share of gross domestic product in aggregate domestic product, the share of the country's external trade in world trade and the share of its bilateral trade in Germany's overall external trade. The findings are weighted by the respective internal country rating.

Wherever necessary, country value adjustments are formed.

We cover latent credit risks in the form of global value adjustments. Past loan losses serve as a yardstick for the scale on which global value adjustments have to be formed.

Insofar as it relates to claims in the balance sheet, the aggregate amount of provision for possible loan losses is shown separately after claims on banks and claims on customers, as an amount reducing the assets side of the balance sheet. The provision for possible losses in off-balance-sheet business – guarantees, endorsement liabilities, lending commitments – is shown as a provision for credit risks.

Unrecoverable accounts are written down and are directly reflected in the income statement. Amounts received on such claims appear in the income statement.

(9) Genuine repurchase agreements (repo deals) and securities-lending business

Repo deals combine the spot purchase or sale of securities with their forward sale or repurchase, the counterparty being identical in either case. The securities sold under repurchase agreements (spot sale) still appear in our consolidated balance sheet and are valued as part of the securities portfolio. According to counterparty, the inflow of liquidity from the repo transaction is shown in the balance sheet as a liability to either banks or customers and reflects the remaining lifetime of the transaction. Interest payments are booked as interest paid, applying the principle of accounting on an accrual basis.

Reverse repos (spot purchase of securities) are shown as claims on banks or claims on customers, reflecting the remaining lifetime of the transaction. The securities purchased under repo deals do not appear in the balance sheet and are not assigned a value either. Interest from reverse repos is counted as interest income. Claims arising from reverse repos are not offset against liabilities from repos involving the same counterparty.

We treat securities-lending transactions – involving borrowed and lent securities – as economic property in the sense defined by the general IAS principles. Accordingly, securities which we have lent are shown in the balance sheet as part of the securities portfolio, whereas borrowed securities do not appear.

(10) Assets held for dealing purposes

Securities held for dealing purposes, promissory notes, precious metals and financial derivatives are shown in the balance sheet at their market values, if available, and otherwise at their fair value on the balance-sheet date. For listed products, market prices are used; for non-listed products, valuation is made on the basis of the present-value method or using suitable option-price models. All the realized and non-realized gains and losses appear under the trading profit in the income statement. Under this item, interest and dividend income from securities held for dealing purposes are also shown, less the interest paid to finance them.

(11) Financial investments

Under financial investments, we include all the bonds, notes and other fixed-income securities, shares and other variable-yield securities which are not held for dealing purposes and all the investments and investments in associated companies as well as holdings in non-consolidated subsidiaries. Investments and holdings in non-consolidated subsidiaries are shown at cost. Investments in associated companies are valued according to the equity method and appear with the value established on the balance-sheet date. Write-downs are made on investments whose value is permanently impaired.

The securities held as investments are either held until maturity or they may be used within the framework of ordinary business activities.

All securities held as financial investments have been shown at cost; if their value is permanently impaired, they appear at their lower value. Insofar as the reasons for the write-down no longer apply, we make a write-up to at most the original cost price. The derivative instruments used to hedge financial investments against market, interest-rate and currency risks are valued similarly to the underlying balance-sheet business itself.

(12) Intangible assets

Apart from software and stock-exchange seats acquired by the Bank, intangible assets include goodwill. Goodwill is examined on each balance-sheet date with a view to its future economic usefulness. If it appears that the expected usefulness will not materialize, extraordinary depreciation is made. Goodwill is depreciated over a probable useful life of 15 years. We depreciate software over a period of 2-5 years.

(13) Fixed assets

Fixed assets – land and buildings, as well as office furniture and equipment – are capitalized at cost and depreciated to reflect their probable useful economic lives. Extraordinary depreciation and write-offs are made if the value is permanently impaired. No recourse is had to special tax depreciation allowances.

In determining the useful life of a depreciable asset, its likely physical wear and tear, its technical obsolescence and also legal and contractual restrictions are taken into consideration. All fixed assets are depreciated or written off over the following periods, using the straight-line method:

	probable useful life in years
Buildings	30 - 50
Office furniture and equipment	2 - 10
IT equipment	2 - 8

Minor-value items are immediately regarded as operating expenses. Profits realized on the disposal of fixed assets are recognized under other operating income, losses are shown under other operating expenses.

(14) Leasing

- The Group as lessor

Almost exclusively, the business of the leasing companies within the Commerzbank Group involves operating leases, in which the lessor retains economic ownership of the object of the contract. Leased equipment appears in the consolidated balance sheet under other assets. Leased objects are shown at cost or production cost, less regular depreciation over their probable useful economic lives. Unless a different regular distribution is sensible for individual cases, the proceeds from leasing transactions are recognized using the straight-line method over the lifetime of the contract and assigned to net interest income. In line with national and international practice, we have changed our reporting scheme since last year's report. We no longer show current leasing income and expenses under other operating income, but rather under net interest income. The year-ago figures have been adjusted accordingly.

- The Group as lessee

The payments made under operating lease contracts, under which the leased objects appear in the balance sheet of the lessor, are included under operating expenses. The costs are computed like a rental payment on a regular basis that corresponds to the useful life of the equipment.

In the past financial year, no obligations arose from financing leases.

(15) Liabilities

Liabilities are shown in the balance sheet at the respective amounts to be repaid. The difference between the nominal value and the issue price of liabilities appears as a deferred item under other assets. Long-dated discounted bonds – zero-coupon bonds – are capitalized at their cash value.

(16) Liabilities from dealing activities

Financial derivative instruments used in proprietary which have a negative market value are shown as liabilities from dealing activities.

(17) Provisions for pensions and similar commitments

For employees at the Parent Bank and at some subsidiaries in Germany, provision for retirement is made both directly and through contributions to the BVV (Versicherungsverein des Bankgewerbes a.G., Berlin) scheme. The old-age benefit system is based on contributions from the Bank's own resources – financed by means of provisions – and on contributions through the BVV scheme.

At various units abroad, contributions are paid into banking-industry pension schemes. In the case of contribution-based schemes, payments are recognized as expenses for the current period.

The size of the pension obligations arising from direct commitments depends on the length of service, the pensionable salary and the currently valid scales for employer subsidies.

All provisions for pensions are calculated by means of the projected-unit-credit method in accordance with IAS 19 (employee benefits). The future obligations are worked out on the basis of actuarial surveys. This calculation takes into account not only the existing pensions and pension expectancies on the balance-sheet date, but also the rates of increase for salaries and pensions that can be expected in the future. Higher or lower obligations only become relevant for the income statement if they lie outside a 10% fluctuation band.

Parameters and rates of increase:

	31.12.1999	31.12.1998
Calculatory interest rate	5.75%	5.50%
Change in salaries	3.00%	3.00%
Adjustment to pensions	2.00%	2.00%

The commitments similar to those for pensions include commitments under early-retirement schemes and under part-time work schemes for older staff, which are computed with the aid of actuarial rules.

We are spreading the additional expenses resulting from the new tables of Professor Klaus Heubeck over the income statements of four years, starting in 1999.

No extraordinary expenses and income related to benefit schemes were registered in the past financial year.

(18) Other provisions

Other provisions are formed on the scale deemed necessary for liabilities of uncertain amount towards third parties and for anticipated losses related to immatured contracts. We do not form provisions for future expenses not related to an external obligation.

(19) Taxes on income

Taxes on income are calculated and shown in accordance with IAS 12. Current tax assets and liabilities are valued by applying the tax rates at which a refund from or a payment to the relevant fiscal authorities is expected.

Deferred tax assets and liabilities derive from differences between the value of an asset or liability as shown in the balance sheet and its value in tax terms. In the future, these will probably either increase or reduce taxes on income (temporary differences). They are valued at the specific income-tax rates which apply in the country where the company in question has its seat and which can be expected to apply for the period in which they are realized. Deferred taxes on as yet unused losses carried forward are shown in the balance sheet if taxable profits are likely to occur within the same unit. As a rule, tax assets and liabilities are not netted against one another. Deferred taxes are not shown in discounted form.

Tax expenses in connection with ordinary activities are shown under taxes on income in the consolidated income statement and divided in the notes into current and deferred taxes in the financial year. Other taxes which are independent of income are subsumed under the item other operating result. No taxes on income were incurred in the past financial year in connection with extraordinary activities.

(20) Trust business

Business involving the management or placing of assets for the account of others – trust business – is not shown in the balance sheet in accordance with IAS 30. Commissions received from such business are included under net commission income in the income statement.

(21) Treasury shares

The treasury shares held by the Parent Bank and its subsidiaries in their portfolios on the balance-sheet date are deducted directly from equity pursuant to SIC 16. Gains and losses resulting from the Bank's own shares do not appear in the income statement and are set off against retained earnings.

Major differences with HGB accounting and valuation methods pursuant to Art. 292a, (2), no. 4b, HGB

The objective of financial statements based on IAS is to provide information for investors on a company's asset and financial position and its earnings performance and also changes in these. Compared with this capital-market orientation, financial statements based on HGB are primarily geared to investor protection and are also influenced by tax-law provisions. Given these different objectives, the following major differences in accounting and valuation methods arise between German HGB and IAS:

Provision for possible loan losses
In line with international practice, provision for possible loan losses is shown as a charge on the assets side. Hidden reserves may not be formed as is possible in accordance with Art. 340f, HGB.

Securities and derivative instruments in the trading portfolio
IAS assigns securities to either trading or financial investment portfolios. Reflecting their character, securities held for liquidity purposes in accordance with HGB are counted as financial investments,. The accounting and valuation of trading portfolios is performed at fair value or market value; this also implies that unrealized gains and losses are recognized under the trading profit. The same holds true for the accounting and valuation of financial derivative instruments used for trading purposes, which appear under assets held for dealing purposes or liabilities from dealing activities. In contrast to HGB, securities lent as part of securities-lending transactions continue to appear in the balance sheet of the lender. Under IAS rules, financial investment portfolios are shown at cost; in HGB accounting, the lower-of-cost-or-market principle is applied.

Internally developed intangible assets and goodwill
Whereas internally developed intangible assets may not be given a valuation under HGB rules, IAS requires this, if certain conditions are fulfilled. Goodwill, which in accordance with HGB provisions may be set off directly against retained earnings when subsidiaries are acquired, has to be recognized and amortized in accordance with IAS.

Pension commitments
Pension commitments in accordance with IAS are based on the projected-unit-credit method. Here the calculation assumes that employees earn their pensions and is based on future obligations – reflecting future increases in pay and pensions and also inflation. The discount factor under IAS rules is related to the long-term interest rates. By contrast, HGB accounting is geared to the relevant income-tax regulations.

Other provisions
In accordance with IAS, provisions may only be formed if they relate to an external obligation. Provisions for expenses permissible under HGB which serve to recognize future spending as expenses in the past financial year are not permitted.

Deferred tax assets and liabilities
In accordance with IAS, tax assets and liabilities are calculated with reference to the balance sheet. Under certain conditions, IAS requires that losses carried forward be accrued. A company presenting individual

financial statements does not have the option, which the HGB permits, of accruing deferred taxes. Temporary differences must be valued by applying expected tax rates.

Equity

Minority interests are shown as a separate item. Treasury shares held on the balance-sheet date are deducted from equity, pursuant to SIC 16; the gains and losses arising from treasury shares in the respective financial year are set off against retained earnings and do not affect the income statement.

Trust business

Trust business, which appears in the balance sheet in HGB accounting, does not appear there under IAS rules.

(22) Net interest income

€ m	1999	1998
Interest income from lending and money-market transactions	17,861	14,107
Interest income from securities held as financial investments	2,300	1,574
Dividends from securities held as financial investments	52	71
Current result from investments	121	101
Current result from investments in associated companies	22	31
Current result from holdings in subsidiaries	5	3
Income from leasing	209	135
Interest paid on subordinated capital	473	422
Interest paid on securitized liabilities	5,839	5,282
Interest paid on deposits and other items	10,876	7,110
Expenses from leasing	175	104
Total	**3,207**	**3,104**

In accordance with national and international practice, we now show expenses and income from leasing under net interest income.

(23) Provisions for possible loan losses

Provisions for possible loan losses appear as follows in the consolidated income statement:

€ m	1999	1998
Allocation to provisions	–1,302	–1,801
Write-back of provisions	593	929
Direct write-downs	–23	–28
Income received on written-down claims	43	19
Total	**–689**	**–881**

(24) Net commission income

€ m	1999	1998
Securities transactions	942	735
Asset management	495	208
Foreign commercial business	134	198
Payment transactions	175	164
Guarantees	112	115
Other	335	251
Total	**2,193**	**1,671**

(25) Trading profit

The trading profit is calculated applying the mark-to-market method. The data used are based on market prices. For non-listed products, market values are worked out with the aid of the present-value method or suitable option-price models. Apart from the results deriving from trading activities, the trading profit also includes all the interest and dividend income and funding costs relating to securities held for dealing purposes.

€ m	1999	1998
Global Bonds department	125	113
Global Equities department	300	80
Treasury and Financial Products department	71	137
Other	96	83
Total	**592**	**413**

Trading profit in 1999 financial year

	Bonds and interest-rate derivatives		Equities and other price risks		Foreign exchange, notes and coin and precious metals		Total	
€ m	1999	1998	1999	1998	1999	1998	1999	1998
Proceeds from disposals	277	–75	316	–22	77	138	670	41
Valuation result	–22	92	3	83	2	54	–17	229
Total	**255**	**17**	**319**	**61**	**79**	**192**	**653**	**270**
Interest and dividend income	880	920	167	156	0	0	1,047	1,076
Interest paid to finance securities	885	813	223	120	0	0	1,108	933
Interest income	**–5**	**107**	**–56**	**36**	**0**	**0**	**–61**	**143**
Disposals/valuation result and interest income	**250**	**124**	**263**	**97**	**79**	**192**	**592**	**413**

(26) Result on financial investments

The result on financial investments shows the disposal proceeds and valuation of securities held as financial investments, investments, investments in associated companies and holdings in subsidiaries.

€ m	1999	1998
Result on securities held as financial investments	226	150
Result on disposals of investments, investments in associated companies and holdings in subsidiaries	361	418
Valuation of write-downs on investments, investments in associated companies and holdings in subsidiaries	8	–15
Total	**595**	**553**

The result on disposals of investments, investments in associated companies and holdings in subsidiaries mainly represents the income from the sale of WinCom (DBV shareholding).

(27) Operating expenses

The Group's operating expenses consist of personnel and other costs, and depreciation on office furniture and equipment, real property, and also on other intangible assets. They were 23.9% higher than a year earlier at €4,476m and break down as follows:

Personnel costs:

€ m	1999	1998
Wages and salaries	1,892	1,620
Compulsory social-security contributions	281	256
Expenses for pensions and other employee benefits	230	190
Total	**2,403**	**2,066**

Breakdown of expenses for pensions and other employee benefits:

€ m	1999	1998
Costs of company pension scheme	145	106
Contributions to Versicherungsverein des Bankgewerbes a.G. (BVV)	65	57
Payments under early-retirement and part-time schemes for older staff	19	16
Other	1	11
Total	**230**	**190**

Other expenses:

€ m	1999	1998
Expenses for office space	493	394
IT costs	525	337
Compulsory contributions, other administrative and company-law expenses	268	160
Cost of advertising, PR and representation	131	110
Other expenses	257	235
Total	**1,674**	**1,236**

Other expenses also include expenses of €260m (€188m in 1998) arising from leasing contracts.

Depreciation of office furniture and equipment, real property and other intangible assets:

€ m	1999	1998
Office furniture and equipment	373	289
Real property	20	16
Other intangible assets	6	5
Total	**399**	**310**

(28) Other operating result

The other operating result comprises allocations to and write-backs of provisions not related to lending, as well as expenses and income from building and architects' services. The amortization of goodwill is also shown here.

€ m	1999	1998
Other operating expenses	**513**	**354**
Expenses arising from building and architects' services	104	59
Allocations to provisions	72	43
Amortization of goodwill	32	30
Interim rental costs and lease-purchase expenses	115	84
Sundry expense items	190	138
Other operating income	**462**	**346**
Income from building and architects' services	112	65
Income from disposal of fixed assets	12	44
Write-backs of provisions	50	22
Interim rental income and lease-purchase proceeds	114	88
Sundry income items	174	127
Other operating result	**–51**	**–8**

(29) Taxes on income

The income-tax expenses break down as follows:

€ m	1999	1998
Current taxes on income	1,041	350
Deferred taxes	–645	–52
Total	**396**	**298**

Deferred tax expenses in the past financial year include deferred tax income of €59m due to tax advantages deriving from unused loss carry-forwards.

We have not shown deferred taxes for a loss carry-forward of €20m, as it currently seems that no tax advantage can be realized.

The following transitional presentation shows the connection between taxes on income and the profit from ordinary activities in the past financial year:

€ m	1999	1998
Profit from ordinary activities multiplied by the German income-tax rate 52% (56% in 1998)	**1,371**	**1,240**
= calculated income-tax expenses in past financial year at German income-tax rate	713	694
– effects of different income-tax rates in various countries where Group companies are based and changes in tax rates	–162	–172
– effects of permanent valuation differences	–142	–116
– effects of recognized tax-exempt income	–13	–108
= Taxes on income	**396**	**298**

The German income-tax rate which served as a basis for the transitional presentation is made up of the currently valid corporate income-tax rate of 40% (45% in the previous year) on retained profits in Germany, plus the so-called solidarity surcharge of 5.5% (5.5% in the previous year) and an average rate of 16.7% (16.7% in the previous year) for trading tax. With the deductibility of trade earnings tax taken into consideration, the German income-tax rate is 52% (56% in 1998).

Due to profit distributions, which are subject to a corporate income-tax rate of 30%, the tax burden in 1999 was reduced by €93m.

The effects due to different tax rates abroad arise because income-tax rates abroad in the various countries where members of the Group are based range between 10% and 53.19% (10% and 51.8%, respectively, in the previous year), thus deviating from the income-tax rate applied in Germany. These also include the effects of making adjustments to deferred taxes on both the assets and the liabilities side during the past financial year as a result of changes in income-tax rates.

(30) Earnings per share

Earnings per share

	31.12.1999	31.12.1998
Net profit (€ m)	911	892
Average number of ordinary shares outstanding (units)	498,049,762	468,091,913
Earnings per share (€)	**1.83**	**1.91**

Earnings per share, calculated in accordance with IAS 33, are based on net profit without minority interests. Net profit is divided by the average number of ordinary shares outstanding.

Diluted earnings per share

	31.12.1999	31.12.1998
Net profit (€ m)	911	892
Adjustment to net profit due to interest saved through outstanding conversion rights (€ m)	0	0
Net profit for calculating diluted earnings per share (€ m)	911	892
Adjustment to number of ordinary shares issued due to outstanding option and conversion rights (units)	0	2,877,246
Adjusted number of shares issued (units)	498,049,762	470,969,159
Diluted earnings per share (€)	**1.83**	**1.89**

The calculation of diluted earnings per share takes into account the potential diluting effect which may arise from the exercising of conversion and option rights from a conditional capital increase. The number of shares will be increased to the extent that the weighted average share price of the ordinary shares exceeds the exercise price. The impact on results of lower interest expenses was corrected accordingly. At end-1999, no convertible bonds or bonds with warrants attached, or convertible rights or warrants, were outstanding. The diluted earnings per share, therefore, corresponds to the earnings per share.

(31) Segment reporting

Segment reporting within the Commerzbank Group presents the corporate divisions under the new organization valid as from the year 2000:

Retail Banking and Real Estate
Corporate Banking and Institutions
Investment Banking
Mortgage banks

and also, in summary form, the sections Group Management/Services/Others and consolidation measures. The corporate divisions represents the primary segments within the Commerzbank Group. The description of the corporate divisions is shown on page 29 of this Annual Report.

The corporate division Retail Banking and Real Estate basically comprises retail customer business, leasing and real-estate activities as well as direct banking.

In the corporate division Corporate Banking and Institutions, the activities involving corporate clients and the commercial banking business of our branches and subsidiaries abroad are located. At the same time, this division includes the banking departments International Bank Relations, Corporate Finance and Relationship Management.

The Investment Banking division consists of the departments Securities (until December 31, 1999 the Global Bonds and Global Equities departments), Treasury/Financial Products, and Asset Management.

The Mortgage Banks division shows the activities of our mortgage banks.

The corporate division Group Management/Services/Others and Consolidation gathers together staff departments and equity investments which cannot be assigned to an operative division. This segment also contains consolidation items.

The consolidation items also include the adjustments which are needed in order to reconcile the internal-accounting control variables used in the segment reporting of the operative divisions with the corresponding data of external accounting.

The result generated by the segments is measured by the result based on internal auditing and the return on equity and cost/income ratio figures. The return on equity derives from the relationship between the result based on internal auditing and the average amount of equity that is tied up. For the cost/income ratio, we take the quotient formed by operating expenses and income, excluding provision for possible loan losses (both items including the income and expenses from business passed on).

Our segment reporting corresponds to our internal accounting on a department basis which is always in accordance with IAS rules. Income and costs are shown for the separate units, such that they reflect the party responsible and are at market prices, with the market interest rate applied.

The result based on internal accounting represents profit contributions from business passed on in addition to the net profit for those units which have been involved in generating the profits. In the net profit, these amounts are always shown in the segment in which they are booked.

The net interest income of the individual units also includes the return on equity and investment yield. The investment yield and return on equity are instruments for compensating differences in equity capitalization.

Units with equity or which have been endowed with capital are charged interest on their capital in order to ensure an equal footing with units which do not have equity. The imputed investment income achieved by the Group on its equity is assigned to various units such that it reflects the average amount of equity that is tied up. This equity is calculated in accordance with Principle I on the basis of the average amount of risk-weighted assets which has been established and the amounts which have to be counted against market risks (risk-weighted equivalents).

In all the year-ago figures, the data have been adjusted to the new system of presentation.

Breakdown by corporate division:

€m	1999 financial year Retail Banking and Real Estate	Corporate Banking and Institutions	Investment Banking	Mortgage Banking	Group management/ others/consolidation	Total
Net interest income	1,024	1,582	389	623	–411	3,207
Provision for possible loan losses	–150	–468	0	–80	9	–689
Net interest income after provision for possible loan losses	874	1,114	389	543	–402	2,518
Net commission income	954	581	715	–19	–38	2,193
Trading profit	0	51	437	0	104	592
Result on financial investments	0	–5	–139	–5	744	595
Operating expenses	1,672	1,081	1,046	129	548	4,476
Other operating result	54	12	13	10	–140	–51
Profit from ordinary activities	210	672	369	400	–280	1,371
Taxes on income	63	184	80	134	–65	396
After-tax profit	147	488	289	266	–215	975
Profit/loss attributable to minority interests	–1	0	–20	–43	0	–64
Net profit	**146**	**488**	**269**	**223**	**–215**	**911**
Profit contribution from business passed on	0	143	154	0	–297	0
Result based on internal accounting	**146**	**631**	**423**	**223**	**–512**	**911**
Average equity tied up	**1,671**	**6,012**	**1,913**	**1,021**	**–839**	**9,778**
Return on equity	**8.7%**	**10.5%**	**22.1%**	**21.8%**		**9.3%**
Cost/income ratio	**82.3%**	**47.4%**	**64.6%**	**21.3%**		**68.5%**

The following breakdown emerges for the previous year:

	1998 financial year					
€ m	Retail Banking and Real Estate	Corporate Banking and Institutions	Investment Banking	Mortgage Banking	Group management/ others/consolidation	Total
Net interest income	1,048	1,459	242	478	–123	3,104
Provision for possible loan losses	–229	–546	34	–83	–57	–881
Net interest income after provision for possible loan losses	819	913	276	395	–180	2,223
Net commission income	850	560	338	–19	–58	1,671
Trading profit	0	58	313	1	41	413
Result on financial investments	1	69	73	–5	415	553
Operating expenses	1,485	980	610	115	422	3,612
Other operating result	2	2	–3	–2	–7	–8
Profit from ordinary activities	187	622	387	255	–211	1,240
Taxes on income	56	191	98	85	–132	298
After-tax profit	131	431	289	170	–79	942
Profit/loss attributable to minority interest	–1	0	–17	–32	0	–50
Net profit	**130**	**431**	**272**	**138**	**–79**	**892**
Profit contribution from business passed on	0	209	136	0	–345	0
Result based on internal accounting	**130**	**640**	**408**	**138**	**–424**	**892**
Average equity tied up	**1,530**	**5,233**	**1,076**	**858**	**–99**	**8,598**
Return on equity	**8.5%**	**12.2%**	**37.9%**	**16.0%**		**10.4%**
Cost/income ratioe	**78.1%**	**44.0%**	**54.2%**	**25.4%**		**63.0%**

Assignment to the respective segments on the basis of the seat of the branch or consolidated company produces the following breakdown:

€m	Germany	Europe (excluding Germany)	1999 financial year America	Asia	Africa	Consoli-dation	Total
Income statement							
Net interest income	2,683	329	204	125	10	–144	3,207
Provision for possible loan losses	–590	–32	–16	–50	–1	0	–689
Net interest income after provision for possible loan losses	2,093	297	188	75	9	–144	2,518
Net commission income	1,424	601	166	71	3	–72	2,193
Trading profit	514	18	33	24	3	0	592
Result on financial investments	424	129	13	28	1	0	595
Operating expenses	3,693	575	240	164	5	–201	4,476
Other operating result	–65	15	–14	–1	–1	15	–51
Profit from ordinary activities	**697**	**485**	**146**	**33**	**10**	**0**	**1,371**
Risk-weighted assets according to BIS[1]	**121,476**	**36,153**	**14,392**	**8,947**	**752**	**–14,137**	**167,583**

[1] excluding market-price risks

The following breakdown emerges for the previous year:

€m	Germany	Europe (excluding Germany)	1998 financial year America	Asia	Africa	Consoli-dation	Total
Income statement							
Net interest income	2,522	274	125	158	6	19	3,104
Provision for possible loan losses	–492	9	–22	–376	0	0	–881
Net interest income after provision for possible loan losses	2,030	283	103	–218	6	19	2,223
Net commission income	1,300	256	107	30	0	–22	1,671
Trading profit	317	52	37	4	3	0	413
Result on financial investments	35	523	–4	–1	0	0	553
Operating expenses	3,072	430	169	112	4	–175	3,612
Other operating result	194	–20	–12	2	0	–172	–8
Profit from ordinary activities	**804**	**664**	**62**	**–295**	**5**	**0**	**1,240**
Risk-weighted assets according to BIS[1]	**112,337**	**28,612**	**15,214**	**9,787**	**637**	**–13,701**	**152,886**

[1] excluding market-price risks

(32) Cash reserve

The cash reserve comprises the following items:

€ m	31.12.1999	31.12.1998
Cash on hand	791	669
Balances with central banks	5,393	2,564
Debt issued by public-sector borrowers, and bills of exchange rediscountable at central banks	2,768	3,501
Treasury bills and discountable treasury notes, as well as similar debt issues by public-sector borrowers	1,948	2,513
Bills of exchange	820	988
Total	**8,952**	**6,734**

The balances with central banks include claims on the Bundesbank totalling €5,199m (€2,498m in 1998).

The minimum reserve requirement to be met at end-December 1999 amounted to €1,743m.

(33) Claims on banks

	total		due on demand		other claims	
€ m	31.12.1999	31.12.1998	31.12.1999	31.12.1998	31.12.1999	31.12.1998
German banks	29,049	26,466	4,850	5,373	24,199	21,093
Foreign banks	20,991	31,695	4,280	2,853	16,711	28,842
Total	**50,040**	**58,161**	**9,130**	**8,226**	**40,910**	**49,935**

The claims on banks include €15,975m of public-sector loans (€15,204m in 1998) extended by the mortgage banks.

(34) Claims on customers

The claims on customers break down as follows:

€ m	31.12.1999	31.12.1998
Claims on domestic customers	**150,108**	**138,674**
Corporate customers	55,039	45,770
Public sector	48,886	45,966
Retail customers and others	46,183	46,938
Claims on foreign customers	**53,423**	**45,580**
Corporate and retail customers	47,159	41,353
Public sector	6,264	4,227
Total	**203,531**	**184,254**

The claims on customers include €43,380m of loans secured by mortgages or other security interests in real property (€33,956m in 1998).

(35) Claims on and liabilities to subsidiaries and equity investments

The claims on and liabilities to unconsolidated subsidiaries, associated companies and companies in which an equity investment exists are as follows:

€ m	31.12.1999	31.12.1998
Claims on banks	**128**	**110**
Subsidiaries	–	–
Associated companies and companies in which an equity interest exists	128	110
Claims on customers	**385**	**370**
Subsidiaries	73	28
Associated companies and companies in which an equity interest exists	312	342
Total	**513**	**480**
Liabilities to banks	**143**	**16**
Subsidiaries	–	–
Associated companies and companies in which an equity interest exists	143	16
Liabilities to customers	**416**	**315**
Subsidiaries	74	7
Associated companies and companies in which an equity interest exists	342	308
Total	**559**	**331**

(36) Total lending

€ m	31.12.1999	31.12.1998
Loans to banks	24,017	20,603
Claims on customers	203,531	184,254
Bills discounted	879	2,194
Leasing business	735	504
Total	**229,162**	**207,555**

The loans to banks included in total lending form part of the claims on banks. Special loan agreements have been concluded with the borrowers for these loans. Interbank money-market transactions do not count as loans to banks.

(37) Provision for possible loan losses

Provision for possible loan losses is made in accordance with rules that apply Group-wide and covers all discernible lending and country risks. On the basis of experience, we have formed global value adjustments for latent credit risks.

	Credit default risks		Country risks		General provision		Total	
€ m	1999	1998	1999	1998	1999	1998	1999	1998
As of January 1	4,536	4,000	226	443	241	138	5,003	4,581
Allocations	1,203	1,646	5	43	94	112	1,302	1,801
Deductions	903	1,104	23	243	16	20	942	1,367
utilized	349	394	0	44	0	0	349	438
written back	554	710	23	199	16	20	593	929
Exchange-rate changes/transfers	153	–6	16	–17	35	11	204	–12
Provision for possible loan losses as of December 31	**4,989**	**4,536**	**224**	**226**	**354**	**241**	**5,567**	**5,003**

With direct write-downs and income received on written-down claims taken into account, the allocations and write-backs reflected in the income statement led to risk provision of €689m (€881m in 1998).

Provision for possible risks:

€ m	31.12.1999	31.12.1998
Claims on banks	244	208
Claims on customers	5,132	4,647
Provision to cover balance-sheet items	**5,376**	**4,855**
Guarantees, endorsement liabilities, credit commitments	191	148
Total	**5,567**	**5,003**

The provision for credit default risks breaks down as follows:

€m	Individual value adjustments and provisions for lending business	Loan losses[1] in 1999	Net allocation[2] to value adjustments and provisions
Customer group			
German customers	**3,763**	**318**	**543**
Companies and self-employed	3,059	311	461
Manufacturing	474	59	73
Construction	259	17	90
Distributive trades	319	55	27
Services, incl. professions	1,602	111	243
Others	405	69	28
Other retail customers	704	7	82
Foreign customers	**1,226**	**54**	**106**
Banks	65	3	11
Corporate and retail customers	1,161	51	95
Total	**4,989**	**372**	**649**

[1] Direct write-downs and utilized value adjustments

[2] Allocation less write-back

Before they were reduced by individual value adjustments, the value-adjusted claims producing neither interest nor income amounted to €5,836m (1998: €5,668m).

(38) Assets held for dealing purposes

The Group's dealing activities include dealing in bonds, notes and other fixed-income securities, shares and other variable-yield securities, promissory notes, foreign exchange and precious metals as well as financial derivatives and purchases or sales of securities. All the items in the trading portfolio are shown at their market prices or at their fair value.

€m	31.12.1999	31.12.1998
Bonds, notes and other fixed-income securities	13,510	10,152
Money-market instruments	489	143
issued by public-sector borrowers	205	50
issued by other borrowers	284	93
Bonds and notes	12,368	8,374
issued by public-sector borrowers	2,435	2,777
issued by other borrowers	9,933	5,597
Bonds and notes issued by Commerzbank Group	653	1,635
Shares and other variable-yield securities	5,809	3,348
Promissory notes held in the trading portfolio	1,506	319
Positive market values from financial derivative instruments	24,233	20,418
Interest-based transactions	13,218	14,922
Currency-based transactions	6,336	4,596
Other transactions	4,679	900
Total	**45,058**	**34,237**

€15,849m (1998: €12,946m) of the bonds, notes and other fixed-income securities and shares and other variable-yield securities were listed on a stock exchange.

(39) Financial investments

Financial investments consist of bonds, notes and other fixed-income securities, shares and other variable-yield securities, investments, holdings in companies valued at equity and holdings in subsidiaries not included in the consolidation.

€ m	31.12.1999	31.12.1998
Bonds, notes and other fixed-income securities	53,323	35,684
Money-market instruments	5,047	1,919
issued by public-sector borrowers	1,338	–
issued by other borrowers	3,709	1,919
Bonds and notes	46,582	30,796
issued by public-sector borrowers	26,344	18,175
issued by other borrowers	20,238	12,621
Bonds and notes issued by Commerzbank Group	1,694	2,969
Shares and other variable-yield securities	3,779	3,057
Investments	3,774	2,100
of which: in banks	2,764	1,110
Investments in associated companies	1,003	736
of which: in banks	957	466
Holdings in subsidiaries	150	148
of which: in banks	–	–
Total	**62,029**	**41,725**

Market values of listed financial investments:

	31.12.1999		31.12.1998	
€ m	Market value	Book value	Market value	Book value
Bonds, notes and other fixed-income securities	47,270	47,130	30,357	30,085
Shares and other variable-yield securities	1,586	1,531	1,063	772
Investments and investments in associated companies	5,434	4,055	3,137	2,089
Total	**54,290**	**52,716**	**34,557**	**32,946**

The market value of the listed financial investments amounted to altogether €54,290m, compared with a book value of €52,716m. This represents price potential of €1,574m (1998: €1,611m).

Investments in large companies held by the Commerzbank Group:

Name	Domicile	Percentage share of capital held	
		31.12.1999	31.12.1998
Al Wataniya	Casablanca	10.0	–
Bank Handlowy w Warszawie SA	Warsaw	9.9	–
Banque Marocaine du Commerce Extérieur	Casablanca	10.0	10.0
Buderus AG	Wetzlar	10.0	10.0
Compagnie Monégasque de Banque	Monaco	11.5	11.5
Deutsche Börse AG	Frankfurt am Main	6.4	6.4
Heidelberger Druckmaschinen Aktiengesellschaft	Heidelberg	9.9	9.9
Holsten-Brauerei AG	Hamburg	7.8	7.8
Linde AG	Wiesbaden	10.7	10.2
MAN AG	Munich	6.5	6.5
Sachsenring Automobiltechnik AG	Zwickau	10.0	10.8
Salamander AG	Kornwestheim	10.7 [1]	10.7 [1]
Security Capital Group Inc.	Santa Fé	5.2	5.1
Thyssen-Krupp Aktiengesellschaft	Duisburg	3.5	5.3
Unibanco Holdings S.A.	São Paulo	13.1	7.2
Willy Vogel Beteiligungsgesellschaft mbH	Berlin	19.0	19.0

[1] Voting rights of less than 5%

(40) Intangible assets

€m	31.12.1999	31.12.1998
Goodwill	539	364
Other intangible assets	43	22
Total	**582**	**386**

Of the other intangible assets, internally produced software accounted for €34m (1998: €17m). Changes in intangible assets are presented in Changes in book value of fixed assets and investments (Note 42).

The increase of €183m in goodwill was due to the first full consolidation in the past financial year of the companies ADIG, Munich, and ADIG-Investment, Luxembourg.

(41) Fixed assets

€m	31.12.1999	31.12.1998
Land and buildings	698	667
Office furniture and equipment	1,567	1,407
Total	**2,265**	**2,074**

The book value of the land and buildings used by the Bank amounted to €620m (1998: €594m). Changes in fixed assets are presented in Changes in book value of fixed assets and investments (Note 42).

(42) Changes in book value of fixed assets and investments

The following changes were registered for intangible and fixed assets, and also for financial investments, in the past financial year:

	Intangible assets		Fixed assets	
€ m	Goodwill	Other intangible assets	Land and buildings	Office furniture and equipment
Book value as of 31.12.1998	**364**	**22**	**667**	**1,407**
Cost of acquisition/manufacture as of 31.12.1998	460	30	754	2,375
Additions in 1999	183	35	56	686
Disposals in 1999	–	16	13	234
Transfers	–	–	–	–
Cost of acquisition/manufacture as of 31.12.1999	643	49	797	2,827
Write-ups in 1999	–	–	3	–
Cumulative write-downs as of 31.12.1998	96	8	87	968
Currency differences	–24	–1	–	32
Additions in 1999	32	6	20	373
Disposals in 1999	–	7	5	113
Transfers	–	–	–	–
Cumulative write-downs as of 31.12.1999	104	6	102	1,260
Book value as of 31.12.1999	**539**	**43**	**698**	**1,567**

€ m	Investments	Investments in associated companies	Holdings in subsidiaries
Book value as of 31.12.1998	**2,100**	**736**	**148**
Cost of acquisition/manufacture as of 31.12.1998	2,163	736	148
Additions in 1999	1,917	374	25
Disposals in 1999	246	147	23
Transfers	–	–90	–
Cumulative changes arising from at equity valuation	–	130	–
Cost of acquisition/manufacture as of 31.12.1999	3,834	1,003	150
Write-ups 1999	3	–	–
Cumulative write-downs as of 31.12.1998	63	–	–
Currency differences	–	–	–
Additions in 1999	–	–	–
Disposals in 1999	–	–	–
Transfers	–	–	–
Cumulative write-downs as of 31.12.1999	63	–	–
Book value as of 31.12.1999	**3,774**	**1,003**	**150**

(43) Other assets

Other assets break down as follows:

€ m	31.12.1999	31.12.1998
Deferred tax assets	1,419	955
Sundry assets	3,540	2,540
Total	**4,959**	**3,495**

Tax assets comprise the following items:

€ m	31.12.1999	31.12.1998
Current tax assets	**195**	**212**
Germany	154	170
abroad	41	42
	1,224	**743**
Deferred tax assets	1,061	572
Unused loss carry-forwards	163	171
Total	**1,419**	**955**

Deferred tax assets were formed in connection with the following balance-sheet items:

€ m	31.12.1999	31.12.1998
Provisions	154	177
Liabilities from dealing activities	672	291
Provision for possible loan losses	30	45
Other assets	3	1
Sundry balance-sheet items	202	58
Total	**1,061**	**572**

Sundry assets comprise the following items:

€ m	31.12.1999	31.12.1998
Deferred items	1,556	992
Collection items	249	153
Advance payments	244	205
Leased equipment	735	504
Sundry items	756	686
Total	**3,540**	**2,540**

Of the deferred items on the assets side, premiums on claims amount to €300m and discounts on liabilities €789m.

(44) Liabilities to banks

	total		due on demand		other liabilities	
€ m	31.12.1999	31.12.1998	31.12.1999	31.12.1998	31.12.1999	31.12.1998
German banks	21,188	24,120	6,318	5,654	14,870	18,466
Foreign banks	51,473	43,613	6,561	12,136	44,912	31,477
Total	**72,661**	**67,733**	**12,879**	**17,790**	**59,782**	**49,943**

(45) Liabilities to customers

Liabilities to customers consist of savings deposits, demand deposits and time deposits, including savings certificates.

	Savings deposits		Other liabilities			
			due on demand		with agreed lifetime or period of notice	
€ m	31.12.1999	31.12.1998	31.12.1999	31.12.1998	31.12.1999	31.12.1998
Domestic customers	**9,674**	**8,851**	**21,691**	**21,377**	**37,273**	**39,300**
Corporate customers	40	41	11,734	12,322	24,955	27,000
Retail customers and others	9,604	8,646	9,624	8,385	6,781	8,547
Public sector	30	164	333	670	5,537	3,753
Foreign customers	**560**	**554**	**4,667**	**6,148**	**17,177**	**17,357**
Corporate and retail customers	558	551	4,533	5,923	16,681	16,793
Public sector	2	3	134	225	496	564
Total	**10,234**	**9,405**	**26,358**	**27,525**	**54,450**	**56,657**

Savings deposits break down as follows:

€ m	31.12.1999	31.12.1998
Savings deposits with agreed period of notice of a maximum of three months	9,157	8,248
Savings deposits with agreed period of notice of more than three months	1,077	1,157
Total	**10,234**	**9,405**

(46) Securitized liabilities

Securitized liabilities comprise bonds and notes, including mortgage and public-sector *Pfandbriefe*, money-market instruments (e.g. certificates of deposit, Euro-notes, commercial paper), own acceptances and promissory notes outstanding.

	Total		of which: issued by mortgage banks	
€ m	31.12.1999	31.12.1998	31.12.1999	31.12.1998
Bonds and notes issued	122,912	95,173	90,354	73,805
Money-market instruments issued	33,789	25,714	3,562	273
Own acceptances and promissory notes outstanding	266	925	–	–
Total	**156,967**	**121,812**	**93,916**	**74,078**

The interest rate paid on money-market paper ranges between 0.025% and 11.85%, for bonds and notes, it ranges between 0.05% and 20.0%. The original maturity periods for money-market paper may be up to one year. €77bn of the bonds and notes have an original lifetime of more than 4 years.

The following table presents the most important bonds and notes issued in 1999:

Year of issue	Amount (€ m)	Currency	Issuer	Interest rate	Maturity date
1999	2,000	Euro	Hypothekenbank Essen AG	3.50%	2004
1999	2,000	Euro	Hypothekenbank Essen AG	4.25%	2009
1999	2,000	Euro	Hypothekenbank Essen AG	3.45%	2000
1999	2,000	Euro	Hypothekenbank Essen AG	4.00%	2009

A deferred item of €570m has arisen on the assets side in connection with the issue of securitized liabilities, since the repayment amount for these liabilities is greater than their amount at issue. This item is shown under Other assets and will written back on a pro-rata basis over the lifetime of the issue.

(47) Liabilities from dealing activities

Liabilities from dealing activities show the negative market values of financial derivative instruments held for trading purposes:

€ m	31.12.1999	31.12.1998
Interest-based transactions	13,490	15,064
Currency-based transactions	5,978	5,442
Other transactions	4,837	1,024
Total	**24,305**	**21,530**

(48) Provisions

Provisions break down as follows:

€ m	31.12.1999	31.12.1998
Provisions for pensions and similar commitments	1,360	1,269
Other provisions	1,170	940
Total	**2,530**	**2,209**

The changes in provisions for pensions were as follows:

€ m	as of 1.1.1999	Pension payments	Allocation	Transfers/ changes in consolidated companies	as of 31.12.1999
Pension expectancies of active and former employees	690	–	92	–32	750
Pensioners	509	52	33	57	547
Staff on early retirement schemes	64	27	13	–	50
Part-time scheme for older staff	6	6	13	–	13
Total	**1,269**	**85**	**151**	**25**	**1,360**

For the most part, provisions for pensions and similar commitments represent provisions for commitments to pay company retirement pensions on the basis of direct pledges of benefits. The type and scale of the retirement pensions for employees entitled to benefits are determined by the terms of the pension arrangement that finds application (pension guidelines, pension scheme, contribution-based pension plan, individual pension commitments), which mainly depends upon when the employee joined the Bank. On this basis, pensions are paid to employees reaching the retirement age or earlier in the case of invalidity or death.

The pension commitments are worked out annually by an independent actuary, applying the projected unit credit method.

The projected unit credit for pension commitments as of December 31, 1999, was €1,509m (previous year: €1,447m). The difference of €149m (previous year: €178m) between this figure and the pension provisions is the result of changes in the actuarial parameters and the bases of calculation in recent years.

Allocations to provisions for pensions in 1999 break down as follows:

€ m	1999	1998
Service cost	32	26
Interest cost	77	76
Non-recurring cost of early retirement and part-time scheme for older staff	28	21
Amortization of actuarial differences	14	–
Allocations to provisions for schemes to which Bank contributes	**151**	**123**

Changes in other provisions:

€ m	as of 1.1.1999	Utilized	Written back	Allocation/ changes in consolidated companies	as of 31.12.1999
Personnel area	387	281	21	394	479
Risks in lending	148	3	66	112	191
Bonuses for special savings schemes	111	42	–	37	106
Legal proceedings and recourse claims	77	14	17	55	101
Sundry items	217	140	20	236	293
Total	**940**	**480**	**124**	**834**	**1,170**

The provisions in the personnel area basically relate to provisions for bonuses, which were paid to employees of the Group in the first half of the year 2000.

(49) Other liabilities

Other liabilities break down as follows:

€ m	31.12.1999	31.12.1998
Income-tax liabilities	1,302	906
Other liabilities	3,130	2,268
Total	**4,432**	**3,174**

Tax liabilities comprise the following items:

€ m	31.12.1999	31.12.1998
Current income-tax liabilities	**848**	**284**
Income-tax liabilities to tax authorities	134	40
Provisions for income taxes	714	244
Deferred income-tax liabilities	**454**	**622**
Total	**1,302**	**906**

Provisions for taxes on income are tax liabilities for which no final formal assessment note has been received. The liabilities to tax authorities represent payment obligations from current taxes towards German and foreign tax authorities. Deferred taxes include taxes resulting from temporary differences between IAS accounting and the taxable profits calculated for Group companies.

Deferred income-tax liabilities were formed in connection with the following balance-sheet items:

€ m	31.12.1999	31.12.1998
Imputed credit of foreign losses	264	285
Assets held for dealing purposes	135	267
Fixed assets	15	25
Other liabilities	–	21
Sundry balance-sheet items	40	24
Total	**454**	**622**

Sundry liabilities relate to the following items:

€ m	31.12.1999	31.12.1998
Deferred items	2,099	1,359
Deferred interest expenses for subordinated capital	289	264
Sundry items	742	645
Total	**3,130**	**2,268**

Of the deferred items on the liabilities side, premiums from liabilities amounted to €37m and discounts for claims €528m.

(50) Subordinated capital

Subordinated capital breaks down as follows:

€ m	31.12.1999	31.12.1998
Subordinated liabilities	**5,857**	**3,591**
of which: tier-III capital as defined in Art. 10, (7), KWG	552	–
of which: maturing within two years	946	461
Profit-sharing certificates outstanding	**2,420**	**1,921**
of which: maturing within two years	146	143
Total	**8,277**	**5,512**

Subordinated liabilities are liable funds as defined in Art. 10, (5a), German Banking Act – KWG. The claims of creditors to repayment of these liabilities are subordinate to those of other creditors. The issuers cannot be obliged to make premature repayment. In the event of bankruptcy or winding-up, subordinated liabilities may only be repaid after the claims of all senior creditors have been met.

The following table presents the most important subordinated liabilities:

Start of maturity	€ m	Currency in m	Issuer/type	Interest rate	Maturity date
1999	550	550 EUR	Commerzbank AG	4.750	2009
1999	350	350 EUR	Commerzbank AG	3.865	2001
1997	322	200 GBP	Commerzbank AG	7.875	2007
1999	300	300 EUR	Commerzbank AG	6.250	2009
1992	249	250 USD	Commerzbank AG	5.811	2002

In the year under review, the interest paid by the Group for subordinated liabilities totalled €316m (1998: €270m). This includes €132m (1998: €112m) of deferred interest expenses for interest due but not yet paid. These are shown as Other liabilities.

Profit-sharing certificates serve to strengthen the Bank's liable equity capital in accordance with the provisions of the German Banking Act. They are directly affected by current losses. Interest payments are made solely within the scope of any distributable profit. The claims of holders of profit-sharing certificates to a repayment of principal are subordinate to those of other creditors.

The main issues of profit-sharing certificates break down as follows:

Year of issue	€ m	Issuer	Interest rate	Maturity date
1993	409	Commerzbank AG	7.25	2005
1991	256	Commerzbank AG	9.50	2003
1992	256	Commerzbank AG	9.15	2004
1994	256	Commerzbank AG	8.00	2006
1996	256	Commerzbank AG	7.90	2008

Interest to be paid on the profit-sharing certificates outstanding for the 1999 financial year amounts to €157m (€152m in 1998). It is shown under Other liabilities.

(51) Equity structure

The subscribed capital of Commerzbank AG is divided into no-par-value shares (with a notional value of €2.60). The shares are in the form of bearer shares. At the Annual General Meeting on May 21, 1999, it was resolved to exclude the shareholders' right to have their shares evidenced in certificate form. The average amount of shares outstanding in 1999 was 498,049,762.

	1,000 units
Number of shares outstanding on 1.1.1999	495,613
Capital increase	3,466
Issue of shares to employees	1,687
Shares issued through exercising of option rights	12,296
Sale of treasury shares	418
Number of shares outstanding on 31.12.1999	513,480
Treasury shares	75
Number of shares on 31.12.1999	513,555

In the capital reserve, premiums from the issue of shares are shown. In addition, the capital reserve contains amounts which were realized in the issue of bonds and notes for conversion and option rights entitling holders to purchase shares. Pursuant to the AGM resolution of May 21, 1999, the notional value of the no-par-value shares was raised by €0.04354 to €2.60. The conversion amount of €22m was taken from the capital reserve and assigned to subscribed capital.

Retained earnings consist of the legal reserve and other reserves. The legal reserve contains those reserves which have to be formed in accordance with national law; in the individual financial statements, the amounts assigned to this reserve may not be distributed. The overall amount of retained earnings shown in the balance sheet consists of €3.1m of legal reserves and €4,001.9m of other retained earnings.

No preferential rights exist at Commerzbank AG or restrictions with regard to the payment of dividends.

The amount of issued, outstanding and authorized shares is as follows:

	31.12.1999		31.12.1998	
	€ m	1,000 units	€ m	1,000 units
Shares issued	1,335	513,555	1,268	496,106
– Treasury shares	–	–75	–1	–493
= Shares outstanding (subscribed capital)	1,335	513,480	1,267	495,613
+ Shares not yet issued from authorized capital	487	187,455	191	74,836
+ Shares not yet issued from conditional capital	–	–	32	12,335
from bonds with warrants	–	–	32	12,335
Total	**1,822**	**700,935**	**1,490**	**582,784**

The number of authorized shares totals 701,010 thousand units (1998: 583,277 thousand units). The amount represented by authorized shares is €1,822m (1998: €1,491m).

(52) Conditional capital

Conditional capital is intended to be used for the issue of convertible bonds or bonds with warrants attached and also of profit-sharing certificates with conversion or option rights.

Changes in the Bank's conditional capital:

€m	Conditional capital 1.1.1999	Additions[1]	Expiring	Used	Conditional capital 31.12.1999	of which: used conditional capital	of which: available lines
Bond with warrants	3	–	–	3	–	–	–
Convertible bonds/bonds with warrants	77	1	–	–	78	–	78
Convertible bonds/bonds with warrants	92	2	65	29	–	–	–
Convertible bonds/bonds with warrants/profit-sharing rights	–	200	–	–	200	–	200
Total	**172**	**203**	**65**	**32**	**278**	**–**	**278**

[1] Additions include €3m of adjustments to conditional capital due to the increase in the notional value of the no-par-value share to €2.60 in accordance with the AGM resolution of May 21, 1999.

As resolved by the Annual General Meeting of May 30, 1997, the Bank's share capital has been conditionally increased by up to €78,000,000. Such conditional capital increase is only to be effected to the extent that the holders of convertible bonds or bonds with warrants attached to be issued by April 30, 2002 by Commerzbank Aktiengesellschaft or a directly or indirectly held wholly-owned foreign affiliate exercise their conversion or option rights.

As resolved by the AGM of May 21, 1999, the share capital has been conditionally increased by up to €200,070,000. Such conditional capital increase will only be effected to the extent that the holders of the convertible bonds, bonds with warrants or profit-sharing certificates carrying conversion or option rights to be issued by April 30, 2004, by either Commerzbank Aktiengesellschaft or companies in which the Bank directly or indirectly holds a majority interest exercise their conversion or option rights or the holders of the convertible bonds or profit-sharing certificates carrying conversion rights to be issued by April 30, 2004, by either Commerzbank Aktiengesellschaft or companies in which the Bank directly or indirectly holds a majority interest meet the obligation to exercise their conversion rights.

(53) Authorized capital

Date of AGM resolution	Original amount € m	Used in previous years for capital increases € m	Used in 1999 for capital increases € m	Remaining amount € m	Authorization expires
30.5.1997	102	63	9	30	30.4.2002
30.5.1997	26	1	4	21	30.4.2002
21.5.1999	175	–	–	175	30.4.2004
21.5.1999	175	–	–	175	30.4.2004
21.5.1999	86	–	–	86	30.4.2004
Total	**564**	**64**	**13**	**487**	

The Board of Managing Directors is authorized to increase, with the approval of the Supervisory Board, the share capital of the Company by April 30, 2004 through the issue of no-par-value shares against cash contributions, in either one or several tranches, by a maximum amount of €175,000,000. The Board of Managing Directors may, with the approval of the Supervisory Board, exclude shareholders' subscription rights to the extent necessary to offer to the holders of conversion or option rights, either already issued or still to be issued by Commerzbank Aktiengesellschaft or its subsidiaries, subscription rights to the extent to which they would be entitled as shareholders after they have exercised their conversion or option rights. In addition, any fractional amounts of shares may be excluded from shareholders' subscription rights.

The Board of Managing Directors is authorized to increase, with the approval of the Supervisory Board, the share capital of the Bank by April 30, 2002 through the issue of new shares against cash, in either one or several tranches, by a maximum nominal amount of €30,613,255.59. The Board of Managing Directors may, with the approval of the Supervisory Board, exclude shareholders' subscription rights if, at the time when the issue price is finally fixed, the issue price of the new shares is not substantially lower than the market price of already listed shares which offer the same conditions.

The Board of Managing Directors is authorized to increase, with the approval of the Supervisory Board, the share capital of the Bank by April 30, 2002 through the issue of new shares against cash, in either one or several tranches, by a maximum nominal amount of €20,770,349.69, thereby excluding the subscription rights of other share-holders for the purpose of issuing these shares to the Bank's staff.

The Board of Managing Directors is authorized to increase, with the approval of the Supervisory Board, the share capital of the Company by April 30, 2004 through the issue of no-par-value shares against cash or contributions in kind, in either one or several tranches, by a maximum amount of €175,000,000. On principle, shareholders are to be offered subscription rights; however, the Board of Managing Directors may, with the approval of the Supervisory Board, exclude shareholders' subscription rights to the extent necessary to offer to the holders of conversion or option rights, either already issued or still to be issued by Commerzbank Aktiengesellschaft or its subsidiaries, subscription rights to the extent to which they would be entitled as shareholders after they have exercised their conversion or option rights. In addition, any fractional amounts of shares may be excluded from shareholders' subscription rights. Furthermore, the Board of Managing Directors may, with the approval of the Supervisory Board, exclude shareholders' subscription rights insofar as the capital increase is made against contributions in kind for the purpose of acquiring companies or holdings in companies.

The Board of Managing Directors is authorized to increase, with the approval of the Supervisory Board, the Company's share capital by April 30, 2004 through the issue of no-par-value shares against cash, in either one or several tranches, by a maximum amount of €86,000,000. The Board of Managing Directors may, with the approval of the Supervisory Board, exclude shareholders' subscription rights if the issue price of the new shares is not substantially lower than that of already listed shares offering the same conditions.

(54) The Bank's foreign-currency position

At end-1999, the Commerzbank Group had the following foreign-currency assets and liabilities:

	31.12.1999					31.12.1998
	US $ (€ m)	Yen (€ m)	Sterling (€ m)	Others (€ m)	Total (€ m)	Total (€ m)
Cash reserve	57	265	–	427	749	3,083
Claims on banks	10,350	924	2,770	5,415	19,459	24,523
Claims on customers	20,748	5,003	5,530	11,507	42,788	41,311
Bonds, notes and other fixed-income securities held for trading purposes and as financial investments	6,739	1,703	1,096	5,342	14,880	26,168
Other balance-sheet assets	5,004	1,075	1,340	3,838	11,257	4,337
Foreign-currency assets	**42,898**	**8,970**	**10,736**	**26,529**	**89,133**	**99,422**
Liabilities to banks	20,543	1,499	4,585	8,794	35,421	36,528
Liabilities to customers	5,461	551	2,877	4,286	13,175	16,990
Securitized liabilities	25,950	1,096	8,896	8,634	44,576	36,331
Other balance-sheet liabilities	3,919	943	1,861	4,609	11,332	6,297
Foreign-currency liabilities	**55,873**	**4,089**	**18,219**	**26,323**	**104,504**	**96,146**

(55) Derivative transactions

31.12.1999	Nominal amount Remaining lifetimes				Market value	
€ m	under one year	one to five years	more than five years	total	positive	negative
Foreign-currency-based forward transactions						
OTC products	518,219	49,462	9,417	577,098	8,943	8,428
Spot and forward currency transactions	293,099	20,451	1,558	315,108	5,980	4,612
Interest-rate and currency swaps	18,153	25,978	7,859	51,990	1,257	2,258
Currency call options	109,044	1,739	–	110,783	1,706	–
Currency put options	97,923	1,294	–	99,217	–	1,558
Other foreign-exchange contracts	–	–	–	–	–	–
Products traded on a stock exchange	–	–	–	–	–	–
Currency futures	–	–	–	–	–	–
Currency options	–	–	–	–	–	–
Total	**518,219**	**49,462**	**9,417**	**577,098**	**8,943**	**8,428**
Interest-based futures transactions						
OTC products	951,916	478,708	297,539	1,728,163	16,590	17,682
Forward-rate agreements	332,803	20,278	–	353,081	308	335
Interest-rate swaps (same currency)	585,992	430,897	268,777	1,285,666	14,923	15,496
Call options on interest-rate futures	5,618	23,841	24,875	54,334	1,344	–
Put options on interest-rate futures	27,446	2,154	2,483	32,083	–	1,847
Other interest contracts	57	1,538	1,404	2,999	15	4
Products traded on a stock exchange	62,978	5,590	16,949	85,517	–	–
Interest-rate futures	16,882	3,246	10,022	30,150	–	–
Interest-rate options	46,096	2,344	6,927	55,367	–	–
Total	**1,014,894**	**484,298**	**314,488**	**1,813,680**	**16,590**	**17,682**
Other forward transactions						
OTC products	18,934	13,143	1,286	33,363	4,798	4,843
Equity swaps	–	–	–	–	–	–
Equity call options	6,344	6,389	329	13,062	3,815	–
Equity put options	7,267	4,933	195	12,395	–	2,371
Other equity contracts	2,801	1,725	675	5,201	869	2,367
Precious metal contracts	2,522	96	87	2,705	114	105
Other transactions	–	–	–	–	–	–
Products traded on a stock exchange	24,843	1,780	–	26,623	–	–
Equity futures	37	–	–	37	–	–
Equity options	24,806	1,780	–	26,586	–	–
Other futures	–	–	–	–	–	–
Other options	–	–	–	–	–	–
Total	**43,777**	**14,923**	**1,286**	**59,986**	**4,798**	**4,843**
Total immatured forward transactions						
OTC products	1,489,069	541,313	308,242	2,338,624	30,331	30,953
Products traded on a stock exchange	87,821	7,370	16,949	112,140	–	–
Total	**1,576,890**	**548,683**	**325,191**	**2,450,764**	**30,331**	**30,953**

The comparable figures for 1998 are shown below:

31.12.1998	Nominal amount Remaining lifetimes				Market value	
€ m	under one year	one to five years	more than five years	total	positive	negative
Foreign-currency-based forward transactions						
OTC products	506,611	43,422	10,783	560,816	5,624	5,482
Spot and forward currency transactions	347,146	18,302	2,130	367,578	3,366	3,409
Interest-rate and currency swaps	10,594	18,373	8,653	37,620	1,190	1,094
Currency call options	63,712	3,706	–	67,418	1,068	–
Currency put options	85,159	3,041	–	88,200	–	979
Other foreign-exchange contracts	–	–	–	–	–	–
Products traded on a stock exchange	–	–	–	–	–	–
Currency futures	–	–	–	–	–	–
Currency options	–	–	–	–	–	–
Total	**506,611**	**43,422**	**10,783**	**560,816**	**5,624**	**5,482**
Interest-based futures transactions						
OTC products	567,991	285,390	190,319	1,043,700	16,876	19,813
Forward-rate agreements	227,256	25,837	–	253,093	241	235
Interest-rate swaps (same currency)	321,640	221,391	175,915	718,946	15,773	18,261
Call options on interest-rate futures	7,401	16,824	5,322	29,547	641	–
Put options on interest-rate futures	9,768	20,505	7,673	37,946	–	929
Other interest contracts	1,926	833	1,409	4,168	221	388
Products traded on a stock exchange	35,508	15,421	–	50,929	83	40
Interest-rate futures	26,847	13,633	–	40,480	83	40
Interest-rate options	8,661	1,788	–	10,449	–	–
Total	**603,499**	**300,811**	**190,319**	**1,094,629**	**16,959**	**19,853**
Other forward transactions						
OTC products	9,069	6,622	3,147	18,838	1,102	1,188
Equity swaps	13	549	–	562	8	48
Equity call options	1,302	3,070	852	5,224	854	–
Equity put options	5,954	2,565	1,979	10,498	–	818
Other equity contracts	205	271	217	693	37	87
Precious metal contracts	1,595	167	99	1,861	203	235
Other transactions	–	–	–	–	–	–
Products traded on a stock exchange	7,747	201	–	7,948	1	2
Equity futures	615	–	–	615	–	1
Equity options	7,132	201	–	7,333	1	1
Other futures	–	–	–	–	–	–
Other options	–	–	–	–	–	–
Total	**16,816**	**6,823**	**3,147**	**26,786**	**1,103**	**1,190**
Total immatured forward transactions						
OTC products	1,083,671	335,434	204,249	1,623,354	23,602	26,483
Products traded on a stock exchange	43,255	15,622	–	58,877	84	42
Total	**1,126,926**	**351,056**	**204,249**	**1,682,231**	**23,686**	**26,525**

On the balance-sheet date, immatured foreign-currency, interest-based and other forward transactions were outstanding as shown in the above table. These entail merely a settlement risk as well as currency, interest and/or other market-price risks.

Breakdown of derivatives business, by borrower group:

	Market value 31.12.1999		Market value 31.12.1998	
€ m	positive	negative	positive	negative
OECD central governments	112	106	102	114
OECD banks	23,351	24,148	18,225	20,410
OECD financial institutions	10	34	1,285	1,439
Other companies, private individuals	6,356	6,415	3,837	4,296
Non-OECD banks	502	250	237	266
Total	**30,331**	**30,953**	**23,686**	**26,525**

Market values are represented by the sum totals of the positive and negative amounts per contract, from which no pledged security has been deducted and no netting agreements which might exist have been taken into consideration. By definition, no positive market values exist for put options. The greater part of these transactions are registered in the Bank's trading book. Other transactions are concluded in order to cover market-price risks.

(56) Market risks arising from trading activities

Given its ever greater significance, but above all as part of the expansion of our investment banking activities, we extended the Bank's central strategic risk management further in 1999 as well. In addition to implementing regulatory requirements, the emphasis is placed on the internal processing of information for the Bank's management as well as the provision of analyses to support trading. We have underlined the importance of risk control not least by setting up a separate staff department for this purpose, quite removed from the Bank's other control units.

Not only are value-at-risk figures computed with the aid of mathematical and statistical models used in quantifying market-price risks, but also simulations of extreme developments in the capital markets.

For the daily measurement of market-price risks, especially those in proprietary trading, we apply value-at-risk models. The underlying statistical parameters are based on an observation period of the past 250 trading days, a one-day exposure and a confidence level of 97.5%. The value-at-risk models are constantly being modified.

On the basis of the risk figures, the Group manages the market-price risks for all operative units by a system of risk limits, primarily limits for value at risk and stress scenarios, as well as stop-loss limits.

The risk position of the Group's trading portfolio at end-1999 shows the value at risk and stress-scenario figures, broken down by departments engaged in proprietary trading. The values at risk show the losses which, with their respective degrees of probability (95%, 97.5%, 99%) will not be exceeded. The stress-scenario figures indicate the possible overnight loss on the basis of scenario analyses which differentiate between individual portfolios.

Risk position of the trading portfolio

31.12.1999 Portfolio € m	Holding period[1] for VaR calculation		VaR at confidence level of		Overnight stress scenario
		95%	97.50%	99%	
Global Bonds	10 days	9.0	10.7	12.7	55.6
Global Equities	10 days	5.0	5.9	7.0	69.5
Treasury and Financial Products[2]	10 days	26.0	31.0	36.8	105.7
Investment Banking	10 days	30.8	36.4	43.1	233.4

31.12.1998 Portfolio € m	Holding period[1] for VaR calculation		VaR at confidence level of		Overnight stress scenario
		95%	97.50%	99%	
Global Bonds	10 days	10.3	13.5	19.7	33.0
Global Equities	10 days	21.0	25.2	29.9	18.8
Treasury and Financial Products[2]	10 days	23.1	27.1	33.0	94.9
Investment Banking	10 days	46.5	59.5	74.1	146.7

[1] pursuant to Principle I, KWG

[2] including units abroad

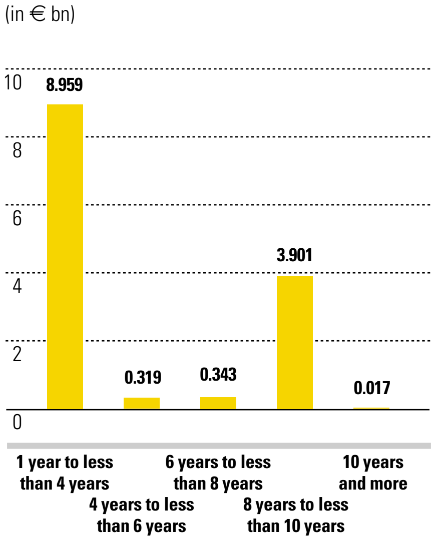
(57) Interest-rate risks

Interest-rate risks arise if discrepancies exist between fixed-interest-bearing assets and liabilities (including off-balance-sheet transactions) in certain maturity brackets. In order to determine the interest-rate risk, the interest-bearing financial instruments, including derivatives for hedging purposes, are classified on the basis of their remaining lifetime, or earlier date for adjusting their interest rate, into maturity brackets in which their interest rates are fixed. Insofar as hedging transactions have been effected in order to reduce interest-rate risks, these are shown independently of the hedged position.

The chart below presents the Commerzbank Group's open fixed-interest positions insofar as they are not assigned to the trading book. Items with a positive value show the fixed-interest risk on the assets side, i.e. asset items predominate; negative values represent a balance of liability items.

Maturity brackets	Fixed-interest gap (€ m) 31.12.1999	 31.12.1998
one year to less than four years	8,959	849
four years to less than six years	319	466
six years to less than eight years	343	3,219
eight years to less than ten years	3,901	3,656
ten years and more	17	–1,326

Fixed-interest gap 31.12.1999



(58) Concentration of credit default risks

Concentrations of credit default risks may arise through business relations with individual borrowers or groups of borrowers who share a number of features and whose individual ability to service debt depends to the same extent on changes in certain overall economic conditions. These risks are managed by the Credit Risk Management department. Credit default risks throughout the Group are monitored by the use of limits for each individual borrower and borrower units, through the provision of the appropriate security and through the application of a uniform lending policy. In order to minimize credit default risks, the Bank has entered into a number of master netting agreements, which ensure the right to set off the claims on and liabilities towards a client in the case of default by the latter or bankruptcy. In addition, the management regularly monitors individual portfolios. The Group's lending does not reveal any special dependence on individual sectors.

In terms of book values, the credit default risks relating to balance-sheet and traditional off-balance-sheet financial instruments were as follows as of December 31, 1999:

	Claims		Guarantees/ letters of credit		Total	
€ m	31.12.1999	31.12.1998	31.12.1999	31.12.1998	31.12.1999	31.12.1998
Customers in Germany	**150,108**	**138,674**	**12,115**	**10,104**	**162,223**	**148,778**
Companies and self-employed	66,929	59,278	11,491	9,693	78,420	68,971
Manufacturing	13,246	11,701	5,449	4,274	18,695	15,975
Construction	1,801	1,568	1,714	1,423	3,515	2,991
Distributive trades	11,034	9,933	1,097	780	12,131	10,713
Services, incl. professions	32,548	25,762	2,349	2,254	34,897	28,016
Others	8,300	10,314	882	962	9,182	11,276
Public sector	48,886	45,966	420	14	49,306	45,980
Other retail customers	34,293	33,430	204	397	34,497	33,827
Customers abroad	**53,423**	**45,580**	**8,134**	**7,913**	**61,557**	**53,493**
Corporate and retail customers	47,159	41,353	6,749	6,580	53,908	47,933
Public sector	6,264	4,227	1,385	1,333	7,649	5,560
Sub-total	**203,531**	**184,254**	**20,249**	**18,017**	**223,780**	**202,271**
less value adjustments and provisions	–5,132	–4,647	–156	–148	–5,288	–4,795
Total	**198,399**	**179,607**	**20,093**	**17,869**	**218,492**	**197,476**

(59) Assets pledged as security

Assets in the amounts shown below were pledged as security for the following liabilities:

€ m	31.12.1999	31.12.1998
Liabilities to banks	12,021	13,478
Liabilities to customers	6,540	4,178
Total	**18,561**	**17,656**

The following assets were pledged as security for the above-mentioned liabilities:

€ m	31.12.1999	31.12.1998
Claims on banks	7,771	9,423
Claims on customers	8,414	6,978
Assets held for dealing purposes and financial investments	8,828	4,487
Total	**25,013**	**20,888**

The furnishing of security in order to borrow funds took the form of genuine securities repurchase agreements (repos). At the same time, security was furnished for funds borrowed for fixed specific purposes.

(60) Maturities, by remaining lifetime

	Remaining lifetimes as of 31.12.1999				
€ m	due on demand and unlimited in time	up to three months	three months to one year	one year to five years	more than five years
Claims on banks	9,130	20,470	3,917	9,388	7,135
Claims on customers	17,333	35,245	17,199	41,630	92,124
Bonds and notes held for trading purposes	37	636	1,489	6,514	4,834
Bonds and notes held as financial investment	96	5,155	7,542	21,815	18,715
Total	**26,596**	**61,506**	**30,147**	**79,347**	**122,808**
Liabilities to banks	12,879	41,032	7,855	3,801	7,094
Liabilities to customers	26,358	43,911	4,214	5,917	10,642
Securitized liabilities	135	36,448	27,963	60,365	32,056
Subordinated capital	–	102	197	1,860	6,118
Total	**39,372**	**121,493**	**40,229**	**71,943**	**55,910**

	Remaining lifetimes as of 31.12.1998				
€ m	due on demand and unlimited in time	up to three months	three months to one year	one year to five years	more than five years
Claims on banks	8,226	29,019	7,661	8,397	4,858
Claims on customers	15,543	35,466	14,001	34,385	84,859
Bonds and notes held for trading purposes	–	264	508	4,702	4,678
Bonds and notes held as financial investment	–	3,559	2,875	14,908	14,342
Total	**23,769**	**68,308**	**25,045**	**62,392**	**108,737**
Liabilities to banks	17,790	30,828	10,356	3,776	4,983
Liabilities to customers	27,525	46,288	4,285	6,457	9,032
Securitized liabilities	–	31,830	14,681	52,792	22,509
Subordinated capital	–	–	304	1,690	3,518
Total	**45,315**	**108,946**	**29,626**	**64,715**	**40,042**

The remaining lifetime is defined as the period between the balance-sheet date and the contractual maturity of the claim or liability. In the case of claims or liabilities which are paid in partial amounts, the remaining lifetime has been shown for each partial amount.

(61) Fair value of financial instruments

The table below shows the fair values of the balance-sheet items and their respective off-balance-sheet transactions. Fair value is the amount at which financial instruments may be sold or purchased at fair terms on the balance-sheet date. Insofar as market prices (e.g. for securities) were available, we have used these for valuation purposes. For a large number of financial instruments, internal valuation models were applied in the absence of market prices. In particular, the present-value method was applied. Wherever claims on and liabilities to banks and customers had a remaining lifetime of less than a year, the fair value was considered to be that shown in the balance sheet.

	Fair value		Book value		Difference	
€ bn	31.12.1999	31.12.1998	31.12.1999	31.12.1998	31.12.1999	31.12.1998
Assets						
Cash reserve	9.0	6.7	9.0	6.7	0.0	0.0
Claims on banks	50.1	59.1	50.0	58.2	0.1	0.9
Claims on customers	204.2	189.9	203.5	184.3	0.7	5.6
Assets held for dealing purposes	45.1	34.2	45.1	34.2	0.0	0.0
Financial investments	64.5	43.3	62.1	41.7	2.4	1.6
Liabilities						
Liabilities to banks	72.5	68.1	72.7	67.7	–0.2	0.4
Liabilities to customers	91.4	95.5	91.0	93.6	0.4	1.9
Securitized liabilities	156.1	125.1	157.0	121.8	–0.9	3.3
Liabilities from dealing activities	24.3	21.5	24.3	21.5	0.0	0.0
Subordinated capital	8.6	5.9	8.3	5.5	0.3	0.4
Derivatives for hedging balance-sheet items	–1.3	–2.1	–	–	–1.3	–2.1

Other notes

(62) Subordinated assets

The assets shown in the balance sheet include the following subordinated assets:

€ m	31.12.1999	31.12.1998
Claims on banks	35	92
Claims on customers	185	188
Bonds and notes	112	98
Shares and other variable-yield securities	49	39
Total	**381**	**417**

Assets are considered to be subordinated if the claims they represent may not be met before those of other creditors in the case of the liquidation or bankruptcy of the issuer.

(63) Off-balance-sheet commitments

€ m	31.12.1999	31.12.1998
Contingent liabilities	**23,764**	**22,126**
from rediscounted bills of exchange credited to borrowers	59	1,206
from guarantees and indemnity agreements	23,705	20,920
Credit guarantees	2,379	2,228
Other guarantees	11,518	11,295
Letters of credit	6,196	4,346
Other items	3,612	3,051
Irrevocable lending commitments	**52,354**	**50,315**
Book credits to banks	2,247	5,119
Book credits to customers	49,381	40,891
Credits by way of guarantee	534	2,875
Letters of credit	192	1,430
Other commitments	**296**	**141**

Provision for risks arising from off-balance-sheet commitments has been deducted from the respective items.

(64) Volume of managed funds

By type of managed fund:

	31.12.1999		31.12.1998	
	No. of funds	Fund assets € bn	No. of funds	Fund assets € bn
Publicly-offered investment funds	317	63.1	298	49.7
Equity-based and mixed funds	191	34.5	172	23.8
Bond-based funds	96	15.2	97	14.9
Money-market funds	30	13.4	29	11.0
Non-publicly-offered funds	1,366	53.8	1,281	41.0
Property-based funds	4	6.1	3	4.2
Total	**1,687**	**123.0**	**1,582**	**94.9**

By region of fund launched:

	31.12.1999		31.12.1998	
	No. of funds	Fund assets € bn	No. of funds	Fund assets € bn
Germany	492	59.0	454	48.1
United Kingdom	832	18.5	791	11.4
Other European countries	220	32.4	196	25.7
America	122	12.5	126	9.4
Asia, Africa, Australia	21	0.6	15	0.3
Total	**1,687**	**123.0**	**1,582**	**94.9**

At the end of the past financial year, the Commerzbank Group's asset-management units were managing 1,687 funds with a volume of €123.0bn. The overall volume of funds managed by the Group was 29.7%, or €28.1bn, higher than in 1998.

(65) Genuine repurchase agreements

Under its genuine repurchase agreements – repurchase and reverse repurchase agreements – the Commerzbank Group sells and purchases securities with the obligation to repurchase or return them. The proceeds deriving from repurchase agreements in which the Commerzbank Group is a borrower (commitment to take the securities back) are shown in the balance sheet as a liability to banks or customers. If Group companies or the Parent Bank are lenders (commitment to return the securities), these transactions are shown in the balance sheet as claims on banks or customers. The genuine repurchase agreements concluded up to end-December break down as follows:

€ m	31.12.1999	31.12.1998
Genuine repurchase agreements as a borrower (repurchase agreements)		
Liabilities to banks	6,028	6,545
Liabilities to customers	5,016	5,608
Total	**11,044**	**12,153**
Genuine repurchase agreements as a lender (reverse repurchase agreements)		
Claims on banks	6,717	9,414
Claims on customers	5,184	7,637
Total	**11,901**	**17,051**

(66) Securities-lending transactions

Securities-lending transactions are conducted with other banks and customers in order to cover the need to meet delivery commitments and to be able to effect securities repurchase agreements in the money market. The securities which have been lent are still shown in either the trading portfolio or the financial investments portfolio and are valued like these portfolios. Borrowed securities are not shown in our balance sheet.

€ m	31.12.1999	31.12.1998
Lent securities	2,126	741
Borrowed securities	3,514	2,254

(67) Trust transactions at third-party risk

Trust transactions which are not shown in the balance sheet amounted to the following on the balance-sheet date:

€ m	31.12.1999	31.12.1998
Claims on banks	3	62
Claims on customers	308	376
Equity investments	–	12
Assets on a trust basis at third-party risk	**311**	**450**
Liabilities to banks	87	126
Liabilities to customers	224	324
Liabilities on a trust basis at third-party risk	**311**	**450**

(68) Risk-weighted assets and capital ratios as defined by the Basle (BIS) equity capital recommendation

as of 31.12.1999	Risk-weighted amounts in %					Total
€ m	100	50	20	10	4	
Balance-sheet business	105,278	25,061	10,589	–	–	140,928
Traditional off-balance-sheet business	1,685	15,417	605	618	35	18,360
Derivatives business in investment portfolio	–	3,238	5,057	–	–	8,295
Risk-weighted assets, total	106,963	43,716	16,251	618	35	167,583
Risk-weighted market risks multiplied by 12.5						20,126
Total items to be risk-weighted						187,709
Equity [1]						17,450
Liable funds [1]						18,145
Core capital ratio						6.3
Equity capital ratio						9.7

[1] After approval of the financial statements

The equity capital ratio in accordance with Principle I, KWG, stands at 10.0%, and the aggregate capital ratio at 9.0%.

as of 31.12.1998	Risk-weighted amounts in %					Total
€ m	100	50	20	10	4	
Balance-sheet business	91,560	21,845	9,898	–	–	123,303
Traditional off-balance-sheet business	3,360	14,541	440	347	35	18,723
Derivatives business in investment portfolio	–	2,281	8,579	–	–	10,860
Risk-weighted assets, total	94,920	38,667	18,917	347	35	152,886
Risk-weighted market risks multiplied by 12.5						19,231
Total items to be risk-weighted						172,117
Equity [1]						14,904
Liable funds [1]						15,047
Core capital ratio						6.3
Equity capital ratio						8.7

[1] After approval of the financial statements

The equity capital ratio in accordance with Principle I, KWG, stood at 10.3%, and the aggregate capital ratio at 8.7%.

(69) Average number of staff employed by the Bank during the year

1999	total		male		female	
Group	30,149	(32,096)	15,533	(15,690)	14,616	(16,406)
in Germany	26,045	(27,934)	13,418	(13,546)	12,627	(14,388)
abroad	4,104	(4,162)	2,115	(2,144)	1,989	(2,018)
at Parent Bank	25,662	(27,234)	13,221	(13,263)	12,441	(13,971)
at companies included in the consolidation in proportion to the share of capital held	92	(94)	47	(48)	45	(46)

1998	total		male		female	
Group	27,912	(29,445)	14,503	(14,697)	13,409	(14,748)
in Germany	24,603	(26,102)	12,784	(12,960)	11,819	(13,142)
abroad	3,309	(3,343)	1,719	(1,737)	1,590	(1,606)
at Parent Bank	24,112	(25,411)	12,529	(12,655)	11,583	(12,756)
at companies included in the consolidation in proportion to the share of capital held	89	(91)	46	(47)	43	(44)

The above figures include part-time workers with the time they actually worked. The average time worked by this group is 58% of the standard working time. The figures in parentheses take part-time staff fully into account. Not included in the full-time figures are the average number of employees undergoing training within the Group.

	total		male		female	
	1999	1998	1999	1998	1999	1998
Trainees	1,478	1,418	625	632	853	786

(70) Remuneration and loans to board members

The following remuneration was paid to members of the Board of Managing Directors and the Supervisory Board:

€ 1,000	31.12.1999	31.12.1998
Board of Managing Directors	10,633	8,432
Supervisory Boards	1,085	1,304
Retired Managing Directors and their dependants	4,015	4,155

On the balance-sheet date, the aggregate amount of advances and loans granted, as well as contingent liabilities, was as follows:

€ 1,000	31.12.1999	31.12.1998
Board of Managing Directors	6,965	8,944
Supervisory Boards	518	1,167

Interest at normal market rates is paid on all the loans to members of the Board of Managing Directors and the Supervisory Boards.

(71) Other commitments

Commitments towards companies either outside the Group or not included in the consolidation for uncalled payments on shares in private limited-liability companies issued but not fully paid amount to €49m.

The Bank is responsible for the payment of assessments of up to €36m to Liquiditäts-Konsortialbank GmbH, Frankfurt am Main, the "lifeboat" institution of the German banking industry. At the same time, Group companies have guaranteed payment to cover the assessments for which institutions belonging to their respective associations are liable.

Under Section 5, (10) of the statutes of the German banks' Deposit Insurance Fund, we have undertaken to indemnify the Association of German Banks for any losses incurred through support provided for banks in which Commerzbank holds a majority interest.

Obligations towards futures and options exchanges and also towards clearing centres, for which securities had been deposited as collateral, amounted to €685m.

Our subsidiaries Caisse Centrale de Réescompte S.A., Paris, and ADIG-Investment Luxemburg S.A., Luxembourg, have provided performance guarantees for selected funds.

The Group's existing obligations arising from rental and leasing agreements – buildings, office furniture and equipment – will lead to expenses of €257m in the year 2000, €267m per year in the years 2001-2003, and €271m as from the year 2003. Leasing and rental expenses within the Group are not taken into account here.

(72) Letter of comfort

In respect of subsidiaries included in the consolidated financial statements of our Bank, we ensure that, except in the case of political risks, they are able to meet their contractual liabilities.

Boards of Commerzbank Aktiengesellschaft

Supervisory Board

Dr. Walter Seipp (Honorary Chairman)
Chairman until May 21, 1999

Dietrich-Kurt Frowein (Chairman)
since May 21, 1999

Hans-Georg Jurkat (Deputy Chairman)

Professor Dr. Clemens Börsig
until June 30, 1999

Heinz-Werner Busch

Uwe Foullong

Dott. Gianfranco Gutty
since May 21, 1999

Dr.-Ing. Otto Happel

Gerald Herrmann

Detlef Kayser

Dieter Klinger

Dr. Torsten Locher

Helmut Mamsch

Horst Sauer

Werner Schönfeld

Professor Dr.-Ing. Ekkehard Schulz

Alfred Seum

Dr. Raban Frhr. v. Spiegel
until May 21, 1999

Hermann Josef Strenger

Professor Dr. Jürgen F. Strube

Heinrich Weiss

Wilhelm Werhahn

Dr. Harald Wilde
since July 1, 1999

Board of Managing Directors

Dr. h. c. Martin Kohlhaussen (Chairman)

Dr. Erich Coenen

Dr. Norbert Käsbeck

Jürgen Lemmer

Klaus-Peter Müller

Klaus Müller-Gebel

Klaus M. Patig

Dr. Axel Frhr. v. Ruedorffer

Dr. Heinz J. Hockmann (Deputy member)
since June 1, 1999

Andreas de Maizière (Deputy member)
since June 1, 1999

Dietrich-Kurt Frowein
until May 21, 1999

Dr. Peter Gloystein
until November 30, 1999

Dr. Kurt Hochheuser
until June 30, 1999

Holdings in consolidated companies

Affiliated companies included in the consolidation

Company name	Domicile	Share of capital held in %	of which: indirectly %	Voting*) rights %	Equity in 1,000
Atlas-Vermögensverwaltungs-Gesellschaft mbH	Düsseldorf	100.0			€ 179,046
TOMO Vermögensverwaltungsgesellschaft mbH	Frankfurt am Main	90.0	90.0		€ –341
Haus am Kai 2 O.O.O.	Moscow	100.0	100.0		€ 58
ADIG Allgemeine Deutsche Investment-Gesellschaft mbH	Munich/ Frankfurt am Main	85.4	1.0		€ 143,638
ADIG-Investment Luxemburg S.A.	Luxembourg	96.4	21.4		€ 108,829
Bankhaus Bauer Aktiengesellschaft	Stuttgart	83.7	17.0		€ 17,603
Berliner Commerz Beteiligungsgesellschaft mbH	Berlin	100.0			€ 5,624
Berliner Commerz Grundstücks- und Verwaltungsgesellschaft mbH	Berlin	100.0			€ 1,687
C. Portmann	Frankfurt am Main	100.0			€ 767
Caisse Centrale de Réescompte, S.A.	Paris	92.1			€ 143,278
C C R - Gestion	Paris	99.7	99.7		€ 7,525
CB Finance Company B.V.	Amsterdam	100.0			€ 35,652
Commerzbank Overseas Finance N.V.	Curaçao	100.0	100.0		€ 6,609
comdirect bank AG	Quickborn	100.0			€ 83,306
comdirect ltd.	London	100.0	100.0		£ 7,156
Commerz (East Asia) Ltd.	Hong Kong	100.0			€ 36,774
Commerz Asset Management (UK) plc	London	97.2			£ 181,655
Jupiter International Group PLC (Sub-Group)	London	100.0	100.0		£ 238,087
Jupiter Asset Management Ltd.	London	100.0	100.0		
Jupiter Unit Trust Mgrs. Ltd	London	100.0	100.0		
Capital Development Ltd	Isle of Man	51.0	51.0		
Tyndall Holdings Ltd	London	100.0	100.0		
Jupiter Tyndall Pension Trust Ltd	London	100.0	100.0		
Jupiter Administration Services Ltd	London	100.0	100.0		
Tyndall International Group Ltd	Bermuda	100.0	100.0		
EMD Ltd	Bermuda	100.0	100.0		
Jupiter Asset Management (Asia) Ltd	Hong Kong	100.0	100.0		
Jupiter Asset Management (Bermuda) Ltd	Bermuda	100.0	100.0		
Jupiter Asset Management (Jersey) Ltd	Jersey	100.0	100.0		
KF Ltd	Bermuda	61.3	61.3		
TI Ltd	Bermuda	100.0	100.0		
AF Ltd i.L.	Bermuda	100.0	100.0		
AGF Ltd i.L.	Bermuda	100.0	100.0		
IF Ltd	Bermuda	75.0	75.0		
KL Ltd	Bermuda	66.0	66.0		
Tyndall Investments Ltd	London	100.0	100.0		
Tyndall International Holdings Ltd	Bermuda	100.0	100.0		
Tyndall Trust International I.O.M. Ltd	Isle of Man	100.0	100.0		
Commerz Beteiligungsgesellschaft mbH	Bad Homburg v.d.H.	100.0			€ 511
Commerz Equity Investments Ltd.	London	100.0			£ 51,268
Commerz Finanz-Management GmbH	Frankfurt am Main	100.0			€ 310
Commerz Futures, LLC	Wilmington/Delaware	100.0	1.0		US$ 15,445

Affiliated companies included in the consolidation

Company name	Domicile	Share of capital held in %	of which: indirectly %	Voting*) rights %		Equity in 1,000
Commerz Grundbesitz-Investmentgesellschaft mbH	Wiesbaden	75.0			€	18,788
Commerz International Capital Management GmbH	Frankfurt am Main	100.0			€	27,932
CICM Fund Management Ltd.	Dublin	100.0	100.0		€	6,784
CICM (Ireland) Ltd.	Dublin	75.0	75.0		€	1,883
Commerz International Capital Management (Japan) Ltd.	Tokyo	100.0	100.0		¥	1,042,254
Commerz NetBusiness AG	Frankfurt am Main	100.0			€	40,161
Commerz Securities (Japan) Company Ltd.	Hong Kong/Tokyo	100.0			€	115,488
Commerz Service Gesellschaft für Kundenbetreuung mbH	Frankfurt am Main	100.0			€	26
Commerzbank (Budapest) Rt.	Budapest	100.0			Ft	8,767,729
Commerzbank (Eurasija) SAO	Moscow	100.0			Rbl	242,315
Commerzbank (Nederland) N.V.	Amsterdam	100.0			€	216,963
Commerzbank (Schweiz) AG	Zurich	100.0			sfr	198,273
Commerzbank (South East Asia) Ltd.	Singapore	100.0			S$	233,072
Commerzbank Asset Management Asia Ltd.	Singapore	100.0	100.0		S$	7,920
Commerzbank Asset Management Italia S.p.A.	Rome	100.0			€	20,544
Commerzbank Belgium SA	Brussels	100.0			€	112,915
Commerzbank Capital Markets (Eastern Europe) NV	Amsterdam	100.0			€	26,819
Commerzbank Capital Markets (Eastern Europe) a.s.	Prague	100.0	100.0		Kč	234,395
Commerzbank Capital Markets Corporation	New York	100.0			US$	151,891
Commerzbank Europe (Ireland) Unlimited	Dublin	40.8			€	555,466
Commerzbank Europe Finance (Ireland) plc	Dublin	100.0	100.0		€	54
Commerzbank International S.A.	Luxembourg	100.0			€	1,846,024
Commerzbank International (Ireland) Unlimited	Dublin	100.0	100.0		€	158,533
Commerzbank Investment Management GmbH	Frankfurt am Main	100.0			€	26,794
Commerzbank U.S. Finance, Inc.	Wilmington/Delaware	100.0			US$	754
CommerzLeasing und Immobilien GmbH (Sub-Group)	Düsseldorf	100.0			€	37,551
ALTINUM GVG mbH & Co. Objekt Sonninhof KG	Düsseldorf	100.0	100.0			
BRE Leasing Sp. z o.o.	Warsaw	51.0	51.0			
CFB Commerz Fonds Beteiligungsgesellschaft mbH	Düsseldorf	100.0	100.0			
CFB Verwaltung und Treuhand GmbH	Düsseldorf	100.0	100.0			
COBA Vermögensverwaltungsgesellschaft mbH	Düsseldorf	100.0	100.0			
Commerz Immobilien GmbH	Düsseldorf	100.0	100.0			
Commerz Immobilien Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0			
CommerzBaucontract GmbH	Düsseldorf	100.0	100.0			
CommerzBaumanagement GmbH	Düsseldorf	100.0	100.0			
CommerzLeasing Mobilien GmbH	Düsseldorf	100.0	100.0			
CommerzLeasing Mietkauf GmbH	Düsseldorf	100.0	100.0			
FABA Vermietungsgesellschaft mbH	Düsseldorf	95.0	95.0			
NESTOR GVG mbH & Co. Objekt ITTAE Frankfurt KG	Düsseldorf	100.0	95.0			
NESTOR GVG mbH & Co. Objekt Villingen-Schwenningen KG	Düsseldorf	0.0	0.0	51.0		
NEUTRALIS GVG mbH	Düsseldorf	100.0	100.0			
NORA GVG mbH & Co. Objekt Düsseldorf KG	Düsseldorf	100.0	100.0			
NOVELLA GVG mbH	Düsseldorf	100.0	100.0			

Affiliated companies included in the consolidation

Company name	Domicile	Share of capital held, in %	of which: indirectly %	Voting*) rights %	Equity in 1,000
SECUNDO GVG mbH	Düsseldorf	100.0	100.0		
TERTIO GVG mbH	Düsseldorf	100.0	100.0		
Hypothekenbank in Essen AG	Essen	51.0			€ 534,838
Immobiliengesellschaft Ost Hägle spol s.r.o.	Prague	100.0			Kč 193,489
Montgomery Asset Management, LLC	Wilmington/Delaware	88.5			US$ 155,187
OLEANDRA GVG mbH & Co., Objekt Jupiter KG	Düsseldorf	100.0			€ 6,811
OLEANDRA GVG mbH & Co., Objekt Luna KG	Düsseldorf	100.0			€ 4,111
OLEANDRA GVG mbH & Co., Objekt Neptun KG	Düsseldorf	100.0			€ 3,795
OLEANDRA GVG mbH & Co., Objekt Pluto KG	Düsseldorf	100.0			€ 11,549
OLEANDRA GVG mbH & Co., Objekt Venus KG	Düsseldorf	100.0			€ 7,025
OLEANDRA GVG mbH & Co., Objekt Uranus KG	Düsseldorf	100.0			€ 13,047
RHEINHYP Rheinische Hypothekenbank Aktiengesellschaft	Frankfurt am Main	97.9			€ 942,392
RHEINHYP BANK Europe plc	Dublin	100.0	100.0		€ 112,906
RHEINHYP-BRE Bank Hipoteczny S.A.	Warsaw	51.0	51.0		Zl 49,779
RHEINHYP Finance, N.V.	Amsterdam	100.0	100.0		€ 749
WESTBODEN-Bau- und Verwaltungsgesellschaft mbH	Frankfurt am Main	100.0	100.0		€ 364
von der Heydt-Kersten & Söhne	Wuppertal-Elberfeld	100.0			€ 5,113

Companies included in the consolidation on a pro-rata basis

Company name	Domicile	Share of capital held in %	of which: indirectly %	Voting*) rights %	Equity in 1,000
Deutsche Schiffsbank Aktiengesellschaft	Bremen/Hamburg	40.0			€ 225,275

Associated companies included in the consolidation at equity

Company name	Domicile	Share of capital held in %	of which: indirectly %	Voting*) rights %	Equity in 1,000
BRE Bank SA	Warsaw	48.8			Zl 2,089,697
Commerz Unternehmensbeteiligungs-Aktiengesellschaft	Frankfurt am Main	40.0			€ 89,683
Karl Baumgartner + Partner Consulting GmbH & Co. KG	Sindelfingen	40.0			€ 416
Korea Exchange Bank	Seoul	31.6			₩ 1,662,155,000
Liegenschaft Hainstrasse GbR	Frankfurt am Main	50.0	50.0		€ 10,493
PIONEER Poland U.K. L.P.	Jersey	37.9			US$ 21,786
P.T. Bank Finconesia	Jakarta	25.0			Rp. 697,537
Relator Grundstücksvermietungsgesellschaft mbH	Düsseldorf	37.6	37.6		€ –404

*) Shown only wherever voting rights do not reflect share of capital held.

Other major companies not included in the consolidation

Company name	Domicile	Share of capital held, in %	of which: indirectly %		Equity in 1,000
Almüco Vermögensverwaltungsgesellschaft mbH	Munich	25.0		€	258,040
Alno Aktiengesellschaft	Pfullendorf	29.4		€	48,745
Deutsche Nickel Aktiengesellschaft	Schwerte	39.2		€	57,616
Pan-Vermögensverwaltungsgesellschaft mbH	Munich	25.0		€	354,127
PIVO Beteiligungsgesellschaft mbH	Hamburg	52.0	52.0	€	17,904
Regina Verwaltungsgesellschaft mbH	Munich	25.0		€	82,277
Thyssen Beteiligungsverwaltungsgesellschaft mbH	Düsseldorf	50.0		€	279,532

Frankfurt am Main, March 14, 2000

The Board of Managing Directors

Auditors' certificate

We have audited the consolidated financial statements of Commerzbank Aktiengesellschaft, Frankfurt am Main, consisting of the balance sheet, the income statement and the statements of changes in equity and cash flows as well as the notes to the financial statements for the business year from January 1 to December 31, 1999. The preparation and the content of the consolidated financial statements according to the International Accounting Standards of the IASC (IAS) are the responsibility of the Company's Board of Managing Directors. Our responsibility is to express an opinion, based on our audit, whether the consolidated financial statements are in accordance with IAS. Some of the financial statements of the consolidated subsidiaries were audited by another/other auditor/auditors. Insofar as our opinion relates to amounts concerning those statements, our opinion is solely based on the opinion/s of the other auditor/auditors. The amounts concerned represent approximately 38% of total consolidated assets.

We conducted our audit of the consolidated financial statements in accordance with German auditing regulations and generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Deutschland (IDW) as well as in accordance with the International Standards on Auditing (ISA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements. The evidence supporting the amounts and disclosures in the consolidated financial statements are examined on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the opinions of the other auditors, the consolidated financial statements give a true and fair view of the net assets, financial position, results of operations and cash flows for the business year in accordance with IAS.

Our audit, which according to German auditing regulations also extends to the Group management report prepared by the Board of Managing Directors for the business year from January 1 to December 31, 1999, has not led to any reservations. In our opinion, on the whole the Group management report provides a suitable understanding of the Group's position and suitably presents the risks of future development. In addition, we confirm that the consolidated financial statements and the Group management report for the business year from January 1 to December 31, 1999 satisfy the conditions required for the Company's exemption from its duty to prepare consolidated financial statements and the Group management report in accordance with German accounting law. We conducted our audit of the consistency of the Group accounting with the 7th EU Directive required for the exemption from the duty for consolidated accounting pursuant to German commercial law on the basis of the interpretation of the Directive by the German Accounting Standards Committee (DRS 1).

Frankfurt am Main, March 15, 2000

PwC Deutsche Revision Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Wagener Wirtschaftsprüfer (German public accountant)	Friedhofen Wirtschaftsprüfer (German public accountant)

Report of the Supervisory Board

In 1999, the Supervisory Board carried out its duties under the law and the Bank's statutes, supervising the conduct of the Bank's affairs.

The Board of Managing Directors provided the Supervisory Board with regular reports on the situation and development of both the Parent Bank and the Group, as well as on fundamental business-policy, management and corporate planning issues.

The Supervisory Board fulfilled its duties in plenary sessions and through its committees (Presiding Committee, Loans Committee, Social Welfare Committee and Mediation Committee, pursuant to Art. 27, (3), German Co-determination Act). Three plenary sessions were held in the first and two in the second half of 1999. The Presiding Committee met five times during the 1999 financial year, one of these as the committee for examining the financial statements. The Loans Committee held four meetings. The Social Welfare Committee met once, and the Mediation Committee did not have to be convened at all in the past financial year.

The plenary sessions were used above all to deal with business policy, including strategic orientation, corporate planning, and also the development of the balance sheet, earnings performance – including comparison with competitors – and the Bank's equity base. At its plenary sessions, the Supervisory Board treated the development of the individual corporate divisions and banking departments, the merger of the Global Equities and Global Bonds departments, and also the restructuring of the Information Technology department. In the past financial year as well, the Year 2000 project was discussed at plenary sessions of the Supervisory Board.

The Presiding Committee was kept regularly informed about the business progress of the Parent Bank, its various divisions and the Group. With the Board of Managing Directors, it discussed personnel matters relating to the latter and dealt with strategic goals, business performance and planning, as well as individual items of significance. Wherever necessary, it indicated its approval. The Board of Managing Directors reported in detail on the performance of the various areas of business activity and the findings of the Bank's internal auditing. Insofar as topics were discussed that were also dealt with in plenary sessions, the Presiding Committee treated them in more detail.

The Loans Committee dealt with all those lending commitments which it is required to review by law and by the Bank's statutes, but loans to managers pursuant to Art. 15, German Banking Act, requiring its approval were only treated up to the point at which responsibility passes to the Presiding Committee. It discussed with the Board of Managing Directors credits involving an enhanced degree of risk, other problem loans, and special developments in lending business. The Loans Committee studied the development of risk in general, and also in

Dietrich-Kurt Frowein

individual sectors and regions. Insofar as is required by law and by the Bank's statutes, the Loans Committee also approved the transactions submitted to it. These included changes in investments, some of which were also discussed in the Presiding Committee but which, under the rules of procedure for the Supervisory Board, require the approval of the Loans Committee.

On behalf of the employees, the Social Welfare Committee dealt with fundamental issues of personnel policy and social welfare. These included, for example, the development of company fringe benefits, old-age provision, the issue of shares to staff, as well as such forms of employment as part-time work, the part-time scheme for older staff and teleworking.

The committees regularly reported on their activities at the plenary sessions.

The Chairman of the Supervisory Board was constantly and promptly informed about all the important events at the Parent Bank and within the Group. He received the minutes of meetings of the Board of Managing Directors along with the proposed resolutions, and he arranged for important matters to be dealt with by the committees of the Supervisory Board. In the interests of a steady flow of information and an exchange of opinion between the Supervisory Board and the Board of Managing Directors, he held regular discussions with the Chairman of the latter.

The shareholder representatives Dr. Walter Seipp and Dr. Raban Frhr. v. Spiegel resigned from the Supervisory Board at the close of the AGM on May 21, 1999. Dietrich-Kurt Frowein and Dott. Gianfranco Gutty were elected by the AGM to the Supervisory Board to serve their remaining term of office.

The Supervisory Board elected Dietrich-Kurt Frowein as its Chairman, appointing Dr. Walter Seipp as Honorary Chairman. Dr. Raban Frhr. v. Spiegel died in November. We will always honour his memory as a long-standing member of the Board of Managing Directors and subsequently of the Supervisory Board, whose chairman he was for three years.

Prof. Dr. Clemens Börsig resigned his seat with effect from June 30, 1999. The lower regional court of Frankfurt am Main appointed Dr. Harald Wilde to the Supervisory Board as from July 1, 1999.

Helmut Mamsch and Dr. Harald Wilde are resigning from the Supervisory Board at the close of the AGM on May 26, 2000. We propose that the AGM elect Dr. Erhard Schipporeit and Dr. Klaus Sturany to the Supervisory Board to serve their remaining term of office.

In the year under review, the following changes occurred in the Board of Managing Directors. Apart from Dietrich-Kurt Frowein, who was elected to the Supervisory Board on May 21, 1999, Dr. Kurt Hochheuser also retired from the Board of Managing Directors on June 30, 1999, for age reasons. With effect from June 1, 1999, the Supervisory Board appointed Dr. Heinz J. Hockmann and Andreas de Maizière as deputy members of the Board of Managing Directors. Board member Dr. Peter Gloystein left the Bank at end-November 1999. The Supervisory Board appointed Michael Paravicini as a member of the Board of Managing Directors with effect from September 1, 2000.

The Presiding Committee in its function as the committee examining the financial statements commissioned the auditors elected by the AGM, PwC Deutsche Revision Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, to conduct the audit, establishing the main points of emphasis.

The financial statements and management reports of the Parent Bank (according to HGB rules) and the Group (according to IAS rules), together with the books of account for the period from January 1 to December 31, 1999, have been examined by the auditors and carry their unqualified legally prescribed certification. In good time for the relevant board meeting, all members of the Supervisory Board received the details of the financial statements, the annual reports and the auditors' reports. As laid down in the rules of procedure of the Supervisory Board, the members of the Presiding Committee also received all the documents and notes relating to the auditors' reports. At a special session, the Presiding Committee, as the committee examining the financial statements, had the auditors report in more detail and discussed both the main points and result of the audit with them. The latter were also present at the subsequent Supervisory Board meeting which dealt with the annual accounts, reporting on the main findings of their audit and answering questions. The Supervisory Board has signified its agreement with the results of the audit. Within the scope of the legal provisions, it has examined the financial statements and management reports of both the Parent Bank and the Group, and also the proposal of the Board of Managing Directors as to the appropriation of the distributable profit. It has found no cause for objection. At today's meeting, the Supervisory Board approved the financial statements presented by the Board of Managing Directors, which accordingly may be regarded as adopted. It concurs with the latter's proposal as to the profit appropriation.

Frankfurt am Main, March 27, 2000
The Supervisory Board

Dietrich-Kurt Frowein
Chairman

Dr. Walter Seipp
Frankfurt am Main
Honorary Chairman
Chairman until May 21, 1999

Dietrich-Kurt Frowein
Frankfurt am Main
Chairman
since May 21, 1999

Hans-Georg Jurkat
Cologne
Commerzbank AG
Deputy Chairman

Professor Dr. Clemens Börsig
Essen
until June 30, 1999

Heinz-Werner Busch
Duisburg
Commerzbank AG

Uwe Foullong
Düsseldorf
National Executive Committee
Banking Section
Commercial, Banking and
Insurance Workers' Union (HBV)

Dott. Gianfranco Gutty
Trieste
Vicepresidente e Amministratore
Delegato
Assicurazioni Generali S.p.A.
since May 21, 1999

Dr.-Ing. Otto Happel
Lucerne
Luserve AG

Gerald Herrmann
Hamburg
Banks, Savings Banks and
Insurances Section
Sub-section: Banks
National Executive Committee of
Salaried Employees' Union (DAG)

Detlef Kayser
Berlin
Commerzbank AG

Dieter Klinger
Hamburg
Commerzbank AG

Dr. Torsten Locher
Hamburg
Commerzbank AG

Helmut Mamsch
Düsseldorf
Member of the Board of
Managing Directors
VEBA AG

Horst Sauer
Frankfurt am Main
Commerzbank AG

Werner Schönfeld
Essen
Commerzbank AG

Professor Dr.-Ing. Ekkehard Schulz
Düsseldorf
Chairman of the Board of
Managing Directors
Thyssen Krupp AG

Alfred Seum
Frankfurt am Main
Commerzbank AG

Dr. Raban Frhr. v. Spiegel
Oberursel
until May 21, 1999

Hermann Josef Strenger
Leverkusen
Chairman of the
Supervisory Board
Bayer AG

Professor Dr. Jürgen F. Strube
Ludwigshafen
Chairman of the Board of
Managing Directors
BASF Aktiengesellschaft

Heinrich Weiss
Hilchenbach and Düsseldorf
Chairman of the Board of
Managing Directors
SMS AG

Wilhelm Werhahn
Neuss
Member of the Board of
Managing Directors
Wilh. Werhahn

Dr. Harald Wilde
Essen
Head of the Legal Department
RWE Aktiengesellschaft
since July 1, 1999

Alberto Abelli
Milan
until June 20, 1999

José Maria Amusátegui
Madrid
Presidente
Banco Santander Central Hispano

Dr.-Ing. Burckhard Bergmann
Essen
Deputy Chairman of the Board of
Managing Directors
Ruhrgas AG

Pieter Berkhout
Hamburg
Chairman of the Board of
Managing Directors
Deutsche Shell AG
since August 1, 1999

Manfred Broska
Wiesbaden
Chairman of the Board of
Managing Directors
DBV – Winterthur Holding AG
until December 31, 1999

Hans-Dieter Cleven
Baar/Zug
Deputy Chairman of the
Executive Board
Metro Holding AG

Dr. Michael E. Crüsemann
Hamburg
Member of the Board of
Managing Directors
Otto Versand

Christian R. Eisenbeiss
Hamburg
Chairman of the Supervisory Board
Holsten-Brauerei AG
since September 1, 1999

Dr. Manfred Gentz
Stuttgart
Member of the Board of
Managing Directors
DaimlerChrysler AG

Rainer Grohe
Munich
Member of the Board of
Managing Directors
VIAG AG

Hans-Olaf Henkel
Berlin
Member of the Supervisory Board
IBM Deutschland GmbH

Dr. Hans Jäger
Aachen
Chairman of the Board of
Managing Directors
AMB Aachener und Münchener
Beteiligungs-AG
since January 1, 2000

Dr.-Ing. Dr.-Ing. E.h. Hans-Peter Keitel
Essen
Chairman of the Board of
Managing Directors
HOCHTIEF AG

Rainer Laufs
Hamburg
until June 30, 1999

Friedrich Lürssen
Bremen
Management Spokesman
Fr. Lürssen Werft (GmbH & Co.)

Dr. Siegfried Luther
Gütersloh
Member of the Board of
Managing Directors
Bertelsmann AG

Dr. Jörg Mittelsten Scheid
Wuppertal
General Partner
Vorwerk & Co.

Rudolf August Oetker
Bielefeld

Dr. Wolfgang Peter
Neuss

Dr. Hans-Ulrich Plaul
Wetzlar
Chairman of the Board of
Managing Directors
Buderus AG

Jürgen Radomski
Erlangen
Member of the Board of
Managing Directors
Siemens AG

Jürgen Reimnitz
Frankfurt am Main

Hans Reischl
Cologne
Chairman of the Board of
Managing Directors
REWE-Zentral AG
since July 1, 1999

Dr. Klaus Trützschler
Essen
Member of the Board of
Managing Directors
RAG Aktiengesellschaft

Dr. Giuseppe Vita
Berlin
Chairman of the Board of
Managing Directors
Schering AG

From left to right: Andreas de Maizière, Norbert Käsbeck, Jürgen Lemmer, Klaus M. Patig, Axel Frhr. v. Ruedorffer (standing), Klaus-Peter Müller, Erich Coenen, Martin Kohlhaussen, Klaus Müller-Gebel, Heinz J. Hockmann (seated)

Dr. h.c. Martin Kohlhaussen
Chairman of the Board of Managing Directors

staff departments
- Corporate Communications and Economic Research
- Strategy and Controlling

Dr. Erich Coenen

staff department
- Credit Risk Management

banking department
- Real Estate

main branches
- Berlin
- Cologne
- Dresden
- Erfurt
- Leipzig
- Wuppertal

Dr. Norbert Käsbeck

banking department
- Retail Banking

service departments
- Global Operations Investment Banking
- IT Development
- IT Production
- IT Investment Banking
- Organization
- Transaction Banking

main branches
- Frankfurt am Main
- Mannheim
- Stuttgart

Jürgen Lemmer

banking department
- Treasury

regions abroad
- Northern Europe
- United Kingdom
- Ireland
- Luxembourg
- Far East
- Middle East
- North Africa

Klaus-Peter Müller

banking department
- International Bank Relations

region abroad
- North and South America

Klaus Müller-Gebel

staff departments
- Compliance and Security
- Human Resources
- Legal Services

main branches
- Bielefeld
- Bremen
- Hamburg
- Hanover
- Kiel

Klaus M. Patig

banking departments
- Corporate Finance
- Securities

regions abroad
- Southern Africa
- Near East/South-East Asia
- Australia/New Zealand

Dr. Axel Frhr. v. Ruedorffer

staff departments
- Accounting and Taxes
- Internal Auditing
- Risk Control

region abroad
- Western Europe (except for the United Kingdom, Ireland, Luxembourg)

Dr. Heinz J. Hockmann
Deputy member

banking department
- Asset Management

main branches
- Mainz
- Munich
- Nuremberg

Andreas de Maizière
Deputy member

banking departments
- Corporate Banking
- Relationship Management

main branches
- Essen
- Dortmund
- Düsseldorf

regions abroad
- Central and Eastern Europe

Heads of staff, banking and service departments

as of March 1, 2000

Jochen Appell
Chief Legal Adviser
staff department
Legal Services

Hermann Beyer
staff department
Compliance and Security

Peter Bürger
staff department
Risk Control

Jürgen Carlson
banking department
International Bank Relations

Mehmet Dalman
banking department
Securities

Michael Duesberg
service department
Global Operations
Investment Banking

Dr. Rudolf Duttweiler
banking department
Treasury

Dr. Rüdiger von Eisenhart-Rothe
banking department
Relationship Management

Klaus-Peter Frohmüller
service department
Organization

Hans-Joachim Hahn
banking department
Real Estate

Wolfgang Hartmann
staff department
Credit Risk Management

Dr. Bernhard Heye
staff department
Human Resources

Dr. Wolfgang Hönig
staff department
Strategy and Controlling

Lutz Kirchner
staff department
Internal Auditing

Peter Kraemer
service department
Information Technology
Production

Peter Kroll
banking department
Corporate Banking

Wolfgang Möller
staff department
Accounting and Taxes

Ulrich Ramm
staff department
Corporate Communications and
Economic Research

David R. Savage
banking department
Corporate Finance

Gustav-Adolf Schibbe
service department
Global Operations

Dr. Friedrich Schmitz
banking department
Asset Management

Dr. Ferdinand Vogel
service department
Information Technology
Development

Heinz-Ludwig Wiedelmann
banking department
Retail Banking

Managers of domestic main branches

Berlin
Manfred Burkelc
Horst Helpenstein
Folker Streib

Bielefeld
Joachim Döpp
Wolfgang Fischer
Uhland Kraft

Bremen
Hans-Peter Finger
Bodo Rimpler
Jürgen Werthschulte

Cologne
Dr. Waldemar Abel
Michael Hoffmann
Klaus Kubbetat

Dortmund
Dieter Brill
Michael Fröhner
Otto Jäger

Dresden
Wilhelm von Carlowitz
Jörg Schauerhammer
Manfred Schlaak

Düsseldorf
Wolfram Combecher
Ulrich Hähner
Heinz-Martin Humme

Erfurt
Dirk Dreiskämper
Dieter Mahlmann

Essen
Manfred Breuer
Klaus Hollenbach
Wolfgang Kirsch

Frankfurt am Main
Dr. Dirk Mattes
Udo Mauerwerk
Andreas Schmidt

Hamburg
Claes-Rudolph Crasemann
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Werner Weimann

Hanover
Dr. Peter Hennig
Volker Schönfeld
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Heinrich Röhrs

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Herbert Enders
Günther Otto

Mannheim
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Klaus Heyer
Karl-Friedrich Schwagmeyer

Munich
Karl Anselmino
Franz Jung
Wilhelm Plöger

Nuremberg
Bernd Grossmann
Joachim Hübner
Dieter Kielmann

Stuttgart
Hans-Jürgen Hirner
Friedrich Röttger
Dr. Gert Wünsche

Wuppertal
Paul Krüger
Dr. (USA) Rainer H. Wedel

Managers of foreign branches

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Atlanta
Harry Yergey

Barcelona
Alois Brüggemann

Brussels
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Erik Puttemans

Chicago
J. Timothy Shortly

Hong Kong
Michael J. Oliver
Harald Vogt

Johannesburg
Götz Hagemann
Cornelius Obert

Labuan
Geoff Ho
Norman Lee

London
Peter Bürger
Bernd Holzenthal
Clive Kellow

Los Angeles
Christian Jagenberg

Madrid
Rainer Ottenstein
Mariano Riestra

Milan
Dr. Antonio Marano
Franz Wurzel

Mumbai
Peter Kenyon-Muir
Ganesan Shekar

New York
Hermann Bürger
Andreas Kleffel

Paris
Burkhard Leffers
Michael Melcher

Prague
Wilhelm Nüse
Günter Steiner

Shanghai
Joachim G. Fuchs
Gerhard Liebchen

Singapore
Günter Jerger
Wolfgang Rohde

Tokyo
François de Belsunce
Burkhardt Figge

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Frankfurt am Main
Chairman

Dr. h.c. Martin Kohlhaussen
Frankfurt am Main

Professor Dr. Jürgen Mittelstrass
Constance

Klaus Müller-Gebel
Frankfurt am Main/Hamburg

Hermann Josef Strenger
Leverkusen

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- Friedrich Pfeffer
- Arndt Thorn

comdirect bank AG
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- Bärbel Schomberg

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- Richard Schneider
- Gerhard Wiesheu

CommerzLeasing und Immobilien GmbH
- Eberhard Graf
- Hans-Joachim Hahn

Commerz NetBusiness AG
- Friedrich Brackmann

Commerz Service Gesellschaft für Kundenbetreuung mbH
- Alberto Kunze
- Manfred Stock

Hypothekenbank in Essen AG
- Hubert Schulte-Kemper
- Wolfgang H. Müller
- Harald Pohl
- Erhard Tiemann

RHEINHYP Rheinische Hypothekenbank AG
- Volker Bärschneider
- Dr. Karsten von Köller
- Hartmut Wallis

Managers of foreign subsidiaries

Commerzbank (Budapest) Rt.
Budapest
Martin Fischedick
Hans H. von Rosenberg Lipinsky

Commerzbank (Eurasija) SAO
Moscow
Jürgen Frenschkowski
Michail Kommissarow

Commerzbank Europe (Ireland)
Dublin
John Bowden
Hans Dieter Brammer

Commerzbank International S.A.
Luxembourg
Gérard Ferret
Adrien Ney

Commerzbank (Nederland) N.V.
Amsterdam
Rüdiger Rutloh
Drs. Herman P. Weij

Commerzbank (Switzerland) Ltd
Zurich
Wolfgang Perlwitz
Wolfgang Präuner
Geneva
Jean-Pierre de Glutz

Commerzbank
(South East Asia) Ltd.
Singapore
Günter Jerger
Wolfgang Rohde

Commerzbank Capital
Markets Corporation
New York
Udo Braun
C. Warren Carter

Commerzbank Capital
Markets (Eastern Europe) a.s.
Prague
John Vax
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  General Manager
  Joh. Vaillant GmbH & Co.
  Remscheid

Dr. Hans-Ulrich Günther
  Member of the Executive Board
  Deilmann-Montan GmbH
  Bad Bentheim

Margrit Harting
  General Manager and Limited
  Shareholder of Partnership
  Harting KGaA
  Espelkamp

Dr. h.c. Erivan Karl Haub
  Sole General Manager and Partner
  Wilh. Schmitz-Scholl and
  Tengelmann Warenhandelsgesellschaft
  Mülheim an der Ruhr

Friedrich-Wilhelm Hempel
  Managing Partner
  F. W. Hempel & Co.
  Erze und Metalle (GmbH & Co.)
  Düsseldorf

Reinhard Herrfeld
  General Manager
  a b z – Zentraleinkaufsagentur
  für Bekleidung GmbH
  Essen

Hein-Ludger Heuberg
  Deputy Member of the Board of
  Managing Directors
  Kolbenschmidt Pierburg AG
  Düsseldorf

Dr. Ewald Hilger
  Lawyer
  Düsseldorf Higher Regional Court
  Düsseldorf,
  Chairman of the Supervisory Board
  Adolf Ahlers AG
  Herford

Dr. Kurt Hochheuser
  Düsseldorf

Dipl.-Wirtsch.-Ing. Hans-Dieter Honsel
  Chairman of the Executive Board
  Honsel GmbH + Co. KG
  Meschede

Dr. Klaus-Christian Hübner
  Manager
  Thyssen Krupp AG
  Düsseldorf

Joachim Hunold
  Managing Partner
  Air Berlin GmbH & Co. KG
  Berlin

Dr. Michael Kalka
  Chairman of the Boards of
  Managing Directors
  Aachener und Münchener
  Lebensversicherung AG,
  Aachener und Münchener
  Versicherung AG
  Aachen

Dr. Volkmar Kayser
  Cologne

Dipl.-Ing. Horst Kerlen
General Manager
GE Energy Products Germany GmbH
Essen

Dr. Gerhard Kinast
General Manager
Veba Oil & Gas GmbH
Essen

Dr. Franz Josef King
Chairman of the Executive Board
VEGLA Vereinigte Glaswerke GmbH
Aachen

Götz Knappertsbusch
Düsseldorf

Dipl.-Ing. Dipl.-Wirtschafts-Ing.
Dieter Köster
Chairman of the Board of
Managing Directors
Köster Bau AG & Co.
Osnabrück

Dr. Jürgen Kuchenwald
Chairman of the Board of
Managing Directors
Strabag AG
Cologne

Gustav-Adolf Kümpers
General Manager and Partner
F. A. Kümpers GmbH & Co.,
Kümpers GmbH & Co.
Rheine

Hans-Joachim Küpper
Principal Partner and Manager
Küpper Group
Velbert/Heiligenhaus

Kurt Küppers
Managing Partner
Hülskens GmbH & Co. KG
Wesel

Assessor Georg Kunze
General Manager
Landesverband
Rheinland-Westfalen
der gewerblichen
Berufsgenossenschaften
Düsseldorf

Joachim Kuwert
Member of the Board of
Managing Directors
Continentale Krankenversicherung a.G.
Dortmund

Dr. Fritz Lehnen
Member of the Board of
Managing Directors
Dynamit Nobel AG
Troisdorf

Dipl.-Kaufmann Ulrich Leitermann
Member of the Boards of
Managing Directors
SIGNAL IDUNA Group
Dortmund/Hamburg

Klaus J. Maack
General Manager
ERCO Leuchten GmbH
Lüdenscheid

Dr. Andreas Madaus
Cologne

Udo van Meeteren
Düsseldorf

Dipl.-Kaufmann Helmut Meyer
General Manager
G. Siempelkamp GmbH & Co.
Krefeld

Dipl.-Kaufmann Paul-Josef Meyer
General Manager
Deutsche Kornbranntwein-
Vermarktung GmbH
Münster

Dipl.-Ing. Klaus K. Moll
Chairman of the Board of
Managing Directors
Barmag AG
Remscheid

Dr. jur. Jan G. Müller
Krefeld

Dipl.-oec. Jan Peter Nonnenkamp
General Manager
Leopold Kostal GmbH & Co. KG
Lüdenscheid

Ulrich Otto
General Partner
Gebr. Otto KG
Cologne

Dipl.-oec. Bernd Pederzani
Managing Partner
EUROPART Holding GmbH
Hagen

Dipl.-Ing. Volkmar Peters
Wellkisten- und Papierfabriken
Fritz Peters & Co. KG
Moers

Dipl.-Kaufmann Eberhard Pothmann
Executive Vice President
Vorwerk & Co.
Wuppertal

Dipl.-Kaufmann Ulrich Reifenhäuser
Managing Partner
Reifenhäuser GmbH & Co.
Maschinenfabrik
Troisdorf

Hans Reinert
Limited Partner
General Manager
H. & E. Reinert
Westfälische Privat-Fleischerei
GmbH & Co. KG
Versmold

Dr. Roland Rick-Lenze
General Manager
TRILUX-LENZE GmbH + Co. KG
Arnsberg

Robert Röseler
Chairman of the Board of
Managing Directors
ara Shoes AG
Langenfeld

Peter Rostock
Managing General Partner
BPW Bergische Achsen KG
Wiehl

Dipl.-Kaufmann Albert Sahle
Managing Partner
SAHLE WOHNEN
Greven

Hans Schafstall
Managing Partner
Schafstall Holding GmbH & Co. KG
Mülheim an der Ruhr

Peter-Nikolaus Schmetz
Proprietor and Chief Manager
Ferd. Schmetz GmbH Spezialfabrik
für Nähmaschinennadeln
Herzogenrath

Heinz G. Schmidt
Deputy Chairman of the Board of
Managing Directors
Douglas Holding AG
Hagen

Jens-Peter Schmitt
General Manager
Thyssen Rheinstahl Technik GmbH
Düsseldorf

Dr. Ernst F. Schröder
General Partner
Dr. August Oetker KG
Bielefeld

Michael Schröer
  Chairman of the Supervisory Board
  Langbein-Pfanhauser Werke AG
  Düsseldorf

Dipl.-Betriebswirt Horst Schübel
  General Manager
  Miele & Cie. GmbH & Co.
  Gütersloh

Reinhold Semer
  Public Accountant and
  Tax Consultant
  Co-partner
  Hellweg Group
  Die Profi-Baumärkte
  Dortmund

Dipl.-Ing. Walter Siepmann
  Managing Partner
  Siepmann-Werke GmbH & Co. KG
  Warstein

Hans-Udo Steffen
  General Manager
  Johnson Controls GmbH
  Burscheid

Werner Stickling
  Partner
  Nobilia-Werke
  J. Stickling GmbH & Co.
  Verl

Dipl.-Kaufmann Walter Stuhlmann
  Spokesman of the Board of
  Managing Directors
  GKN Automotive AG
  Lohmar

Dr. Wolfgang Theis
  Chairman of the Board of
  Managing Directors
  Kiekert AG
  Heiligenhaus

Christoph von Ungern-Sternberg
  Manager
  Mannesmann AG
  Düsseldorf

Dr. Hans-Georg Vater
  Member of the Board of
  Managing Directors
  Hochtief AG
  Essen

Dr. Johannes Vöcking
  Member of the Board of
  Managing Directors
  Barmer Ersatzkasse
  Wuppertal

Gunther Vowinckel
  Senior Banker
  European Bank for Reconstruction
  and Development
  London

Dipl.-Kaufmann Heinz Wiezorek
  Essen

Michael Willems
  Member of the Board of
  Managing Directors
  Steag AG
  Essen

Dipl.-Kaufmann Michael Wirtz
  Managing Partner
  Grünenthal GmbH,
  Partner
  Dalli-Werke Mäurer & Wirtz
  GmbH & Co. KG
  Stolberg

Horst Wortmann
  Managing Partner
  Wortmann Schuh Holding KG
  Detmold

Horst-Peter Wuchold
  Member of the Board of
  Managing Directors
  AVA Allgemeine Handelsgesellschaft
  der Verbraucher AG
  Bielefeld

Dipl.-Kaufmann Hans-Werner Zapp
  Chairman of the Supervisory Board
  Zapp AG
  Düsseldorf

Dipl.-Kaufmann Ulrich Ziolkowski
  Member of the Board of
  Managing Directors
  Thyssen Krupp Industries AG
  Essen

Rhineland-Palatinate

Dipl.-Kaufmann Manfred Berroth
  Member of the Board of
  Managing Directors
  Pfalzwerke AG
  Ludwigshafen

Dipl.-Ing. Harald Fissler
  General Manager
  VESTA GmbH
  Idar-Oberstein

Dr. Heinz Geenen
  Managing Partner
  KANN GmbH & Co. KG
  Baustoffwerke
  Bendorf

Dr. Eckhard Müller
  Chief Financial Officer
  BASF Aktiengesellschaft
  Ludwigshafen

Karlheinz Röthemeier
  Spokesman of the Executive Board
  Verlagsgruppe Rhein Main
  GmbH & Co. KG
  Mainz

Dr. Wolfgang Schuppli
  Lawyer
  Wiesbaden

Hans Joachim Suchan
  Administrative Director
  ZDF
  Mainz

Herbert Verse
  Chairman of the Board of
  Managing Directors
  Eckes AG
  Nieder-Olm

Dr. Roland W. Voigt
  Member of the Board of
  Managing Directors
  Schott Glas
  Mainz

Dipl.-Ing. Lothar Wahl
  President
  BOMAG Holding Inc.
  Boppard

Dr. Alois Wittmann
  Member of the Board of
  Managing Directors
  KSB Aktiengesellschaft
  Frankenthal

Saarland

Dipl.-Kaufmann
Wendelin von Boch-Galhau
  Chairman of the Board of
  Managing Directors
  Villeroy & Boch AG
  Mettlach

Dipl.-Kaufmann Thomas Bruch
General Manager
Globus Holding GmbH & Co. KG
St. Wendel

Uwe Jacobsen
Chairman of the Executive Board
Saarbrücker Zeitung
Verlag und Druckerei GmbH
Saarbrücken

Sanitätsrat Professor
Dr. Franz Carl Loch
President
Ärztekammer des Saarlandes
Saarbrücken

Michel Maulvault
Chairman of the Board of
Managing Directors
AG der Dillinger Hüttenwerke
Dillingen (Saar)

Dr. Dietrich Reinhardt
Member of the Board of
Managing Directors
Saarberg AG
Saarbrücken

Dipl.-Kaufmann Erhard Uder
Member of the Supervisory Board
DSD Dillinger Stahlbau GmbH
Saarlouis

Dipl.-Volkswirt Dr. Richard Weber
Managing Partner
Karlsberg Brauerei KG Weber
Homburg (Saar)

Saxony

Dipl.-Ing. Albrecht Bolza-Schünemann
Deputy Chairman of the Board of
Managing Directors
Koenig & Bauer Aktiengesellschaft
Planeta-Bogenoffset
Radebeul

Dipl.-Kaufmann Klaus Fischer
Member of the Board of
Managing Directors
envia Energie Sachsen
Brandenburg AG
Chemnitz

Konsul Dr.-Ing. Klaus-Ewald Holst
Chairman of the Board of
Managing Directors
VNG-Verbundnetz Gas AG
Leipzig

Elvira-Maria Horn
General Manager
Chamber of Industry and
Commerce Dresden Section
Dresden

Dipl.-Kaufmann
Heinz-Jürgen Preiss-Daimler
Managing Partner
P-D Management Consulting GmbH
Wilsdruff

Ernst Wilhelm Rittinghaus
Member of the Board of
Managing Directors
Sachsenring Automobiltechnik AG
Zwickau

Rolf Steinbronn
Chairman of the Board of
Managing Directors
AOK Sachsen
Dresden

Dr. Wolfgang Vehse
Staatssekretär für Wirtschaft
Sächsisches Staatsministerium
für Wirtschaft und Arbeit
Dresden

Saxony-Anhalt

Dr.-Ing. Klaus Hieckmann
Managing Partner
FER Ingenieurgesellschaft
für Automatisierung GmbH,
President
Chamber of Industry and Commerce
Magdeburg Section
Magdeburg

Schleswig-Holstein

Peter Buschmann
Chairman of the Board of
Managing Directors
AOK Schleswig-Holstein
Kiel

Carsten Dencker Nielsen
Consul General
Copenhagen/Denmark

Professor Dr. Hans Heinrich Driftmann
General and Managing Partner
Peter Kölln
Kommanditgesellschaft auf Aktien
Elmshorn

Dr. jur. Klaus Murmann
Chairman of the Board of
Managing Directors
Sauer-Sundstrand Group
Neumünster/Ames, Iowa

Dr. Lutz Peters
Managing Partner
Schwartauer Werke GmbH & Co.
Bad Schwartau

Hans Wilhelm Schur
Chairman of the Supervisory Board
Schur International a/s
Horsens/Denmark

Dipl.-Math. Hans-Artur Wilker
Member of the Board of
Managing Directors
Howaldtswerke – Deutsche
Werft AG
Kiel

Dr. Ernst J. Wortberg
Chairman of the Board of
Managing Directors
L. Possehl & Co. mbH
Lübeck

Thuringia

Josef Johr
General Manager
Metall Rohstoffe Thüringen GmbH
Erfurt

Dr. Hans-Werner Lange
Chairman of the Board of
Managing Directors
TUPAG-Holding AG
Mühlhausen

Klaus Lantzsch
Managing Partner
FER Fahrzeugelektrik GmbH
Eisenach

Eugeen Theunis
General Manager
GARANT
Türen- und Zargen GmbH & Co. KG
Ichtershausen

Andreas Trautvetter
Minister of Finance
Free State of Thuringia
Erfurt

Members of the Board of Managing Directors of Commerzbank AG

a) Membership of legally prescribed supervisory boards
b) Membership of similar bodies

Dr. h.c. Martin Kohlhaussen

a) Bayer AG
Bertelsmann AG
Hochtief AG vorm. Gebr. Helfmann
Infineon Technologies AG (Deputy Chairman)
KarstadtQuelle AG
Schering AG
Linde AG
within Commerzbank Group:
RHEINHYP Rheinische Hypothekenbank AG (Chairman)

b) Assicurazioni Generali S.p.A.
DaimlerChrysler AG Member of the Shareholder Committee
Kreditanstalt für Wiederaufbau
Liquiditäts-Konsortialbank GmbH
Commerzbank International S.A. (Chairman)
Commerzbank (Switzerland) Ltd (Chairman)
Commerzbank (South East Asia) Ltd. (Chairman)
Jupiter International Group PLC (Chairman)

Dr. Erich Coenen

a) Adolf Ahlers AG
Kolbenschmidt-Pierburg AG
Viterra AG
within Commerzbank Group:
Commerz Grundbesitz-Investmentgesellschaft mbH (Chairman)
RHEINHYP Rheinische Hypothekenbank AG (Deputy Chairman)

b) Security Capital US Realty
Security Capital European Realty
CommerzLeasing und Immobilien GmbH (Chairman)
ILV Immobilien-Leasing Verwaltungsgesellschaft Düsseldorf mbH (Deputy Chairman)

Dr. Norbert Käsbeck

a) AMB Aachener und Münchener Beteiligungs AG
Hugo Boss AG
Friatec AG (Deputy Chairman)
HAWESKO Holding AG
MAN AG
Salamander AG
SÜBA Bau AG
within Commerzbank Group:
comdirect bank AG (Chairman)
Commerz Grundbesitz-Investmentgesellschaft mbH
Commerz NetBusiness AG (Chairman)

b) Commerz Finanz-Management GmbH (Chairman)

Jürgen Lemmer

a) ADIG Allgemeine Deutsche Investment-Gesellschaft mbH
Buderus AG
Clearingbank Hannover AG (Chairman)
Deutsche ICI GmbH
GKN Automotive Industrial GmbH (Chairman)

b) ADIG-Investment Luxemburg S.A.
ARGOR-HERAEUS S.A.
Banque Marocaine du Commerce Extérieur
Korea Exchange Bank
Majan International Bank S.A.O.C.
Verlagsbeteiligungs- und Verwaltungs-GmbH
Commerz (East Asia) Ltd. (Chairman)
Commerz Financial Products S.A. (Chairman)
Commerz Securities (Japan) Company Ltd.
Commerzbank Europe (Ireland) Unltd. (Deputy Chairman)
Commerzbank International (Ireland) Unltd. (Chairman)
Commerzbank International S.A.

Klaus-Peter Müller

a) Asea Brown Boveri AG
Deutsche Goodyear Holdings GmbH
DUNLOP GmbH
Ford Deutschland Holding GmbH
Ford-Werke AG
Honsel Management GmbH
Thyssen Krupp Materials & Services AG
within Commerzbank Group:
Hypothekenbank in Essen AG (Chairman)

b) Agfa-Gevaert N.V.
BRE Bank SA (Deputy Chairman)
Parker Hannifin Corporation
Commerzbank Capital Markets Corporation
Commerz International Capital Management GmbH

Klaus Müller-Gebel

a) Deutsche Schiffsbank AG (Deputy Chairman)
Holsten-Brauerei AG
Kellogg (Deutschland) GmbH
within Commerzbank Group:
comdirect bank AG (Deputy Chairman)
Commerzbank Investment Management GmbH
RHEINHYP Rheinische Hypothekenbank AG (Deputy Chairman)

b) BVV Versicherungsverein des Bankgewerbes a.G. (Chairman)

Klaus M. Patig

a) Degussa-Hüls AG
Deutsche Börse AG
(Deputy Chairman)
Ferrostaal AG
G. Kromschröder AG
(Deputy Chairman)
SGE Deutsche Holding GmbH

b) EUREX Zürich AG
Fördergesellschaft für Börsen und Finanzmärkte in Mittel- und Osteuropa mbH
Commerzbank Capital Markets
(Eastern Europe) a.s.
(Chairman)
Commerz International Capital
Management GmbH
(Deputy Chairman)
Commerzbank Capital Markets Corporation
(Chairman)
Commerzbank (South East Asia) Ltd.
Commerz Securities (Japan) Company Ltd.
(Chairman)

Dr. Axel Frhr. v. Ruedorffer

a) Allgemeine Kreditversicherung AG
(Deputy Chairman)
AUDI AG
Commerz Unternehmensbeteiligungs-AG
(Chairman)
within Commerzbank Group:
Hypothekenbank in Essen AG

b) AKA Ausfuhrkredit-Gesellschaft mbH
(2nd Deputy Chairman)
Banca Commerciale Italiana S.p.A.
Banca Intesa S.p.A.
Banco Santander Central Hispano S.A.
BRE Bank SA
Crédit Lyonnais S.A.
Erste Bank der oesterreichischen
Sparkassen AG
Hannover Finanz Gesellschaft mit
beschränkter Haftung
Beteiligungen und Kapitalanlagen
Mediobanca – Banca di Credito
Finanziario S.p.A.
Stiebel Eltron-Gruppe
(Chairman)
Viking Schiffsfinanz AG
Viking Ship Finance (Overseas) Ltd.
Caisse Centrale de Réescompte, S.A.
(Deputy Chairman)
Commerzbank Asset Management Italia S.p.A.
Commerzbank Belgium S.A./N.V.
(Président)
Commerzbank (Budapest) Rt.
(Deputy Chairman)
Commerzbank (Nederland) N.V.
(Chairman)
Commerzbank (Eurasija) SAO
(Deputy Chairman)

Dr. Heinz J. Hockmann
(Deputy member)

a) FAG Kugelfischer Georg Schäfer AG
since January 21, 2000
within Commerzbank Group:
ADIG Allgemeine Deutsche
Investment-Gesellschaft mbH
(Chairman)
Commerz International Capital
Management GmbH
(Chairman)
Commerzbank Investment
Management GmbH
(Chairman)

b) Banca Intesa S.p.A.
East European Food Fund S.I.C.A.F.
ADIG-Investment Luxemburg S.A.
(Chairman)
Caisse Centrale de Réescompte, S.A.
(Chairman)
Capital Investment Trust Corporation
CB Fund Management Company S.A.
(Chairman)
CICM (Ireland) Ltd.
(Chairman)
CICM (Japan) Ltd.
CICM Fund Management Ltd.
(Chairman)
Commerz Asset Management (U.K.) plc
(Chairman)
Commerzbank Asset Management (Asia) Ltd.
(Chairman)
Commerzbank Asset Management Italia S.p.A.
(Chairman)
Commerzbank Europe (Ireland) Unltd.
(Chairman)
Commerzbank International S.A.
Commerzbank International Trust (Jersey) Ltd.
Commerzbank International Trust
(Singapore) Ltd.
(Chairman)
Commerzbank (Switzerland) Ltd
(Vice Chairman)
Commerzbank Società di Gestione
del Risparmio S.p.A.
(Chairman)
Hispano Commerzbank (Gibraltar) Ltd.
Jupiter International Group PLC
Montgomery Asset Management, LLC

Andreas de Maizière
(Deputy member)

a) Deutsche Nickel AG
since February 10, 2000
Mannesmann Sachs AG
RWE Energie AG
Vereinigte Deutsche Nickel-Werke AG
since February 11, 2000
within Commerzbank Group:
Commerzbank Investment
Management GmbH

b) Commerzbank (Budapest) Rt.
(Chairman)
Commerzbank (Eurasija) SAO
(Chairman)
CommerzLeasing und Immobilien GmbH
ILV Immobilien-Leasing-Verwaltungsgesellschaft Düsseldorf mbH

Former members of the Board of Managing Directors

Dietrich-Kurt Frowein

see seats under "Members of the Supervisory Board of Commerzbank AG"

Dr. Peter Gloystein

a) Deutsche Nickel AG
STRABAG AG
Vereinigte Deutsche Nickel-Werke AG

Dr. Kurt Hochheuser

a) Borgers AG (Deputy Chairman)
GEA AG
Klöckner & Co. AG
Klöckner & Co. Handel AG (Deputy Chairman)
Saarberg AG
Thyssen Krupp Industries AG

b) Karl Baumgartner + Partner Consulting KG (Chairman)

Members of the Supervisory Board of Commerzbank AG

a) Membership of other legally prescribed supervisory boards
b) Membership of similar bodies

Uwe Foullong

a) DBV-Winterthur Holding AG
DBV-Winterthur Lebensversicherungs AG

Dietrich-Kurt Frowein

a) Heidelberger Druckmaschinen AG
Mannesmann VDO AG
Schunk GmbH
Software AG (Chairman)

b) Nukem GmbH

Dott. Gianfranco Gutty

a) AMB Aachener und Münchener Beteiligungs AG
Generali Beteiligungs-AG

b) Alleanza Assicurazioni S.p.A.
Banca Intesa S.p.A.
Banco Vitalicio de España
Banco Santander Central Hispano S.A.
BSI – Banca della Svizzera Italiana
Fiat S.p.A.
Genagricola S.p.A.
GENAM Società di Gestione del Risparmio S.p.A.
Generali Finance B.V.
Generali France Holding S.A.
Generali Holding Vienna Aktiengesellschaft
Holding di Partecipazioni Industriali S.p.A.
Mediobanca – Banca di Credito Finanziario S.p.A.
Participatie Maatschappij Graafschap Holland N.V.
Transocean Holding Corporation

Dr.-Ing. Otto Happel

a) –

Gerald Herrmann

a) DBV-Winterthur Versicherung AG
european transaction AG
WinCom-Versicherungs-Holding AG

Helmut Mamsch

a) Degussa-Hüls AG
K+S AG
Readymix AG
SGE Deutsche Holding GmbH
STEAG AG

b) Logica plc.
MEMC Electronic Materials, Inc. (Chairman)

Professor Dr.-Ing. Ekkehard Schulz

a) Hapag-Lloyd AG
MAN AG
RAG AG (Deputy Chairman)
RWE Energie AG
STRABAG AG
within group:
Eisen- und Hüttenwerke AG (Chairman)
Krupp Thyssen Stainless GmbH (Chairman)
Thyssen Krupp Materials & Services AG (Chairman)
Thyssen Krupp Stahl AG (Chairman)

b) The Budd Company/USA
Thyssen Inc./USA

Hermann Josef Strenger

a) Bayer AG (Chairman)
Degussa-Hüls AG
Linde AG
Veba AG (Chairman)

Professor Dr. jur. Jürgen F. Strube

a) Allianz Lebensversicherungs-AG
Hapag-Lloyd AG
Hochtief AG vorm. Gebr. Helfmann

b) BASFIN Corporation (Chairman)
Central European Equity Fund
Germany Fund

Heinrich Weiss

a) Bertelsmann AG
Ferrostaal AG
Heraeus Holding GmbH
Hochtief AG
vorm. Gebr. Helfmann
J. M. Voith AG
within group:
SIEMAG TRANSPLAN GmbH
SMS Demag AG
(Chairman)

b) Thyssen-Bornemisza Group
Chen Hsong Holdings Ltd.
Concast Holding AG
(Chairman)

Wilhelm Werhahn

a) Gesellschaft für Buchdruckerei AG
(Chairman)
Lausitzer Braunkohle AG
RWE-DEA AG
TESSAG, Technische Systeme & Services AG
within group:
Heinrich Industrie AG
(Chairman)
Zwilling J.A. Henckels AG
(Chairman)

Dr. Harald Wilde

a) AV Aktiengesellschaft für Vermögensverwaltung
(Chairman)

Employees of Commerzbank AG

Information pursuant to Art. 340a, IV, (1), HGB

Jochen Appell
Commerzbank Investment Management GmbH

Wolfram Combecher
Aerzener Maschinenfabrik GmbH

Volkhard Damm
Berliner Revisions AG

Dr. Rüdiger von Eisenhart-Rothe
Lafarge Zement GmbH

Dieter Firmenich
BinTec Communications AG
Commerz Unternehmensbeteiligungs-AG
Sachsenring Automobiltechnik AG

Hans-Joachim Hahn
Commerz Grundbesitz-Investmentgesellschaft mbH

Ulrich Hähner
DOM-Brauerei AG

Dr. Peter Hennig
Hans Neschen AG

Dr. Wolfgang Hönig
Hypothekenbank in Essen AG

Klaus Hollenbach
TNT Express GmbH

Heinz-Martin Humme
DS Technologie GmbH
ZMD Zentrum Mikroelektronik Dresden GmbH

Franz Jung
Constantin Film Verleih AG

Dr. Gerhard Köhler
Lintec Computer AG
Batavia Multimedia AG

Peter Kroll
Commerzbank Investment Management GmbH

Thorsten Lahl
TIAG Tabbert-Industrie AG

Dr. Dirk Mattes
MEWA Textil-Service AG

Udo Mauerwerk
CronBank AG

Michael Melcher
Rasmussen GmbH

Friedrich Röttger
Bankhaus Bauer AG

Dr. Gert Schorradt
Krings Fruchtsaft AG
PopNet Internet AG

Monika Serreck
Spielbanken Niedersachsen GmbH

Christian Traxel
Flender Werft AG

Rainer Trimter
Netfox AG

Heinz-L. Wiedelmann
ADIG Allgemeine Deutsche Investment-Gesellschaft mbH
comdirect bank AG
Commerz Grundbesitz-Investmentgesellschaft mbH

Business progress 1968 – 1999*

Commerzbank Group

	Business volume	Total lending	Customers' deposits	Taxes paid	Allocation to reserves from profit	Equity	Total amount of dividend paid	Staff	Offices
	€ bn	€ bn	€ bn	€ m	€ m	€ m	€ m		
1968	8.5	5.4	6.6	33.2	16.1	346	23.9	14,689	691
1969	9.8	6.5	7.1	41.8	16.3	439	32.0	15,630	743
1970	12.5	8.8	8.0	26.1	5.8	463	30.4	16,952	783
1971	15.9	11.4	9.2	39.2	13.0	541	31.5	17,533	800
1972	18.7	12.6	10.7	45.0	14.6	599	34.8	17,707	805
1973	20.5	13.5	11.1	39.2	9.2	656	40.7	18,187	826
1974	23.0	15.1	11.7	54.8	26.7	735	40.7	17,950	834
1975	29.0	18.2	14.1	97.5	42.5	844	48.8	18,749	855
1976	32.6	21.3	15.0	87.5	57.2	993	55.9	20,275	861
1977	38.6	24.0	17.3	128.0	52.3	1,165	55.9	20,429	870
1978	45.3	29.5	20.0	126.4	50.9	1,212	63.1	20,982	875
1979	52.2	34.8	20.4	97.0	20.5	1,403	64.6	21,656	885
1980	52.4	37.4	20.3	53.6	16.6	1,423	-	21,487	880
1981	53.2	38.6	21.0	52.4	12.9	1,414	-	21,130	878
1982	56.8	41.8	22.6	86.8	43.8	1,416	-	21,393	877
1983	59.1	43.3	23.2	121.3	62.3	1,491	51.7	22,047	884
1984	63.9	46.2	26.5	140.8	77.9	1,607	51.7	22,801	882
1985	71.4	48.3	28.0	164.4	89.5	1,756	72.6	24,154	882
1986	77.1	52.5	30.3	169.0	80.2	2,292	95.5	25,653	881
1987	83.8	55.7	33.5	168.0	89.8	2,379	95.7	26,640	882
1988	93.3	61.7	37.8	192.4	120.2	2,670	104.0	27,320	888
1989	99.1	64.7	43.5	252.4	143.7	3,000	115.3	27,631	897
1990	111.4	74.9	50.5	246.7	112.4	3,257	131.6	27,275	956
1991	117.1	80.7	57.2	276.6	120.1	3,420	132.0	28,226	973
1992	120.4	85.0	61.6	283.4	209.0	3,680	134.0	28,722	998
1993	147.1	92.7	68.2	310.8	143.9	4,230	176.8	28,241	1,006
1994	176.1	112.7	68.8	334.5	306.8	5,386	231.2	28,706	1,027
1995	208.1	133.1	73.2	109.4	204.5	6,297	265.8	29,615	1,060
1996	230.6	158.2	82.8	297.1	332.3	6,909	276.3	29,334	1,045
1997	276.0	185.3	93.3	489.2	295.5	8,765	344.2	30,446	1,044
1998	327.4	207.6	93.6	298.1	511.3	10,060	380.5	32,593	1,052
1999	**372.1**	**231.2**	**91.0**	**460.0**	**500.0**	**11,141**	**410.8**	**34,870**	**1,064**

* as from 1992, following new accounting principles; as from 1997, according to IAS

Financial holdings of Commerzbank AG

At home

RHEINHYP Rheinische Hypothekenbank AG	Frankfurt am Main	Capital: €942.4m	**97.9%**
Hypothekenbank in Essen AG	Essen	Capital: €534.8m	**51.0%**
Bankhaus Bauer AG	Stuttgart	Capital: €17.6m	**83.7%**2)
comdirect bank AG	Quickborn	Capital: €83.3m	**100.0%**
Deutsche Schiffsbank AG	Bremen/Hamburg	Capital: €226.2m	**40.0%**
Commerz NetBusiness AG	Frankfurt am Main	Capital: €40.2m	**100.0%**

Leasing, holding and consulting companies

CommerzLeasing und Immobilien GmbH	Düsseldorf	Capital: €37.6m	**100.0%**
Commerz Beteiligungsgesellschaft mbH	Bad Homburg v.d.H.	Capital: €0.5m	**100.0%**
Commerz Unternehmensbeteiligungs-AG	Frankfurt am Main	Capital: €89.7m	**40.0%**
Commerz Finanz-Management GmbH	Frankfurt am Main	Capital: €0.3m	**100.0%**

Asset management companies

ADIG Allgemeine Deutsche Investment-Gesellschaft mbH	Munich/Frankfurt am Main	Capital: €143.6m	**85.4%**2)
Commerzbank Investment Management GmbH	Frankfurt am Main	Capital: €26.8m	**100.0%**
Commerz Grundbesitz-Investmentgesellschaft mbH	Wiesbaden	Capital: €18.8m	**75.0%**
Commerz International Capital Management GmbH	Frankfurt am Main	Capital: €27.9m	**100.0%**

Abroad

Commerzbank (Budapest) Rt.	Budapest	Capital: Ft8.8bn	**100.0%**
Commerzbank Belgium SA	Brussels	Capital: €112.9m	**100.0%**
Commerzbank (Eurasija) SAO	Moscow	Capital: Rbl242.3m	**100.0%**
Commerzbank Europe (Ireland)	Dublin	Capital: €555.5m	**40.0%**
Commerzbank International S.A.	Luxembourg	Capital: €1.85bn	**100.0%**
Commerzbank International (Ireland)	Dublin	Capital: €158.5m	**100.0%**1)
Commerzbank (Nederland) N.V.	Amsterdam	Capital: €217.0m	**100.0%**
Commerzbank (Switzerland) Ltd	Zurich	Capital: Sfr198.3m	**100.0%**

Capital = equity capital

1) indirect; 2) partly indirect; 3) Place of business Chicago; 4) Place of business San Francisco.

Commerzbank
(South East Asia) Ltd.

Singapore

Capital:
S$233.1m **100.0%**

Commerzbank Capital
Markets Corporation

New York

Capital:
US$151.9m **100.0%**

Commerzbank Capital
Markets (Eastern Europe)
a.s.

Prague

Capital:
Kc234.4m **100.0%**1)

Commerz
(East Asia) Ltd.

Hong Kong

Capital:
€36.8m **100.0%**

Commerz Futures, LLC

Wilmington/Delaware3)

Capital:
US$15.4m **100.0%**2)

Commerz Securities
(Japan) Company Ltd.

Hong Kong/Tokyo

Capital:
€115.5m **100.0%**

Banca Commerciale
Italiana SpA

Milan

Capital:
€4.9m **3.39%**2)

Banca Intesa S.p.A.

Milan

Capital:
€4.8m **3.3%**2)

Banco Santander Central
Hispano S.A.

Madrid

Capital:
€13.4m **1.8%**1)

BRE Bank SA

Warsaw

Capital:
Zl2.1bn **48.8%**

Banque Marocaine
du Commerce Extérieur

Casablanca

Capital:
DH4.2bn **10.0%**

Crédit Lyonnais S.A.

Paris

Capital:
€7.7bn **4.0%**1)

Erste Bank der
oesterreichischen
Sparkassen AG

Vienna

Capital:
€1.6bn **2.0%**1)

Korea Exchange Bank

Seoul

Capital:
₩1 662.2bn **31.6%**

P.T. Bank Finconesia

Jakarta

Capital:
Rp697.5m **25.0%**

Unibanco – União de
Bancos Brasileiros S.A.

São Paulo

Capital:
R$3.4bn **9.84%**2)

Asset management companies

ADIG-Investment
Luxemburg S.A.

Luxembourg

Capital:
€108.8m **96.4%**2)

Caisse Centrale
de Réescompte, S.A.

Paris

Capital:
€143.3m **92.1%**

Capital Investment
Trust Corporation

Taipei

Capital:
NT$775.7m **23.8%**2)

Commerzbank Asset
Management Asia Ltd.

Singapore

Capital:
S$7.9m **100.0%**1)

Commerzbank Asset
Management Italia S.p.A.

Rome

Capital:
€20.5m **100.0%**

Commerz International
Capital Management
(Japan) Ltd.

Tokyo

Capital:
¥1.0bn **100.0%**1)

CICM Fund Management
Ltd.

Dublin

Capital:
€6.8m **100.0%**1)

Jupiter International
Group PLC

London

Capital:
£238.1m **97.2%**1)

KEB Commerz Investment
Trust Management Co. Ltd.

Seoul

Capital:
₩34.0 bn **45.0%**

Montgomery Asset
Management, LLC

Wilmington/Delaware4)

Capital:
US$155.2m **88.5%**