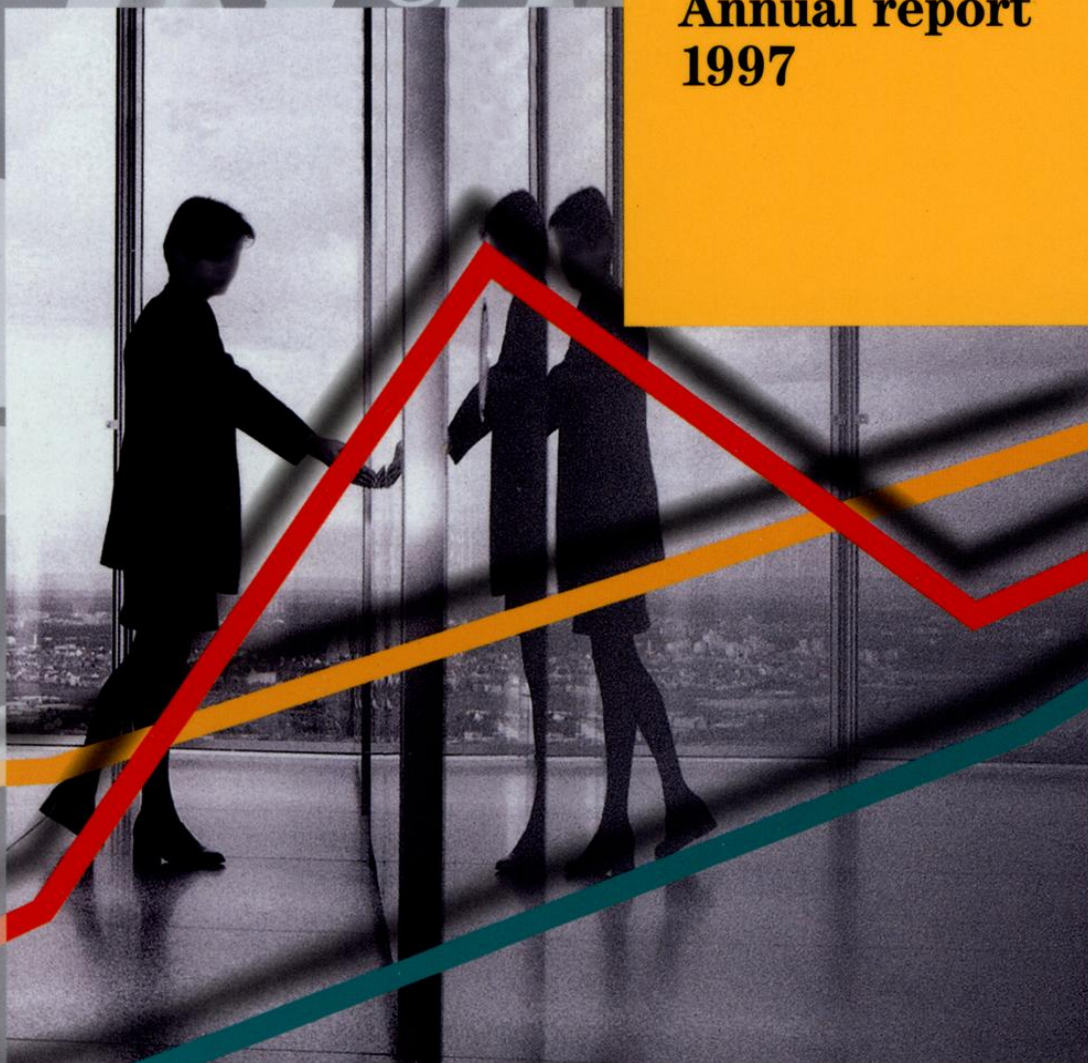


**Annual report
1997**



Key figures of Commerzbank Group

in DM m, at year-end	1995	1996	1997
Balance-sheet total	404,167	448,003	516,937
Total lending	260,273	309,458	358,029
Liable funds	21,207	23,504	27,511
Branches	1,060	1,045	1,044
Customers	3,579,000	3,661,500	3,775,000
Staff ¹⁾	29,615	29,334	28,711

1) calculated on a full-time basis..

Earnings figures of Commerzbank Group

in DM m	1995	1996	1997
Net interest and dividend income ¹⁾	5,216	5,974	6,993
Net commission income	1,922	2,286	2,793
Net income from financial transactions	455	450	42
Other operating income	275	379	506
Personnel expenses	3,286	3,526	3,716
Other administrative expenses ²⁾	2,043	2,136	2,466
Other operating expenses	207	352	445
Provision for possible loan losses	886	1,216	1,550
Operating result	1,446	1,859	2,157
Balance on financial investments and extraordinary account	- 253	- 64	- 67
Pre-tax profit	1,193	1,795	2,090
Taxes	214	581	752
Net income for the year	979	1,214	1,338
Return on equity ³⁾	9,3%	10,1%	9,9%

1) including leasing transactions; 2) including depreciation on intangible and fixed assets; 3) including minority interests; on a monthly basis.

Key data for the Commerzbank share

in DM	1995	1996	1997
Operating result per share ¹⁾	3.75	4.65	4.81
Net income per share ¹⁾²⁾	2.39	2.97	2.95
DVFA result per share ¹⁾	2.35	2.98	2.45
Dividend paid per Commerzbank share ¹⁾³⁾	1.35	1.35	1.50
Tax credit in addition to cash dividend	0.58	0.58	0.64
Equity capital per share at year-end ¹⁾⁴⁾	29.76	30.86	32.64
Share price at year-end ¹⁾⁵⁾	34.05	39.10	70.00
Market capitalization at year-end	13.1bn	15.7bn	32.4bn
Number of dividend-bearing shares ¹⁾⁶⁾	385,053,800	400,280,540	448,712,713

1) figures for 1995 calculated on the basis of current nominal value of DM5; 2) less minority interests;

3) 1997: proposal to the AGM; 4) less minority interests and profit appropriation;

5) spot quotation on Frankfurt stock exchange, not adjusted;

6) 1997: half of the shares from the October capital increase taken into account.

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Annual Report 1997



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To our shareholders



Martin Kohlhaussen



Walter Seipp

The Commerzbank Group's 1997 results are quite encouraging. Despite higher risk provisioning, we approach the future with a sound capital base and healthy earnings. However, in a phase of radical changes, this position of strength is necessary for the financial sector.

Not only in Germany but also worldwide the concentration process is in full swing. In some places, it is already much more advanced than in Germany.

European monetary union, deregulation and the need to expand in order to benefit from economies of scale will reinforce this trend. At the same time, the *Allfinanz* idea has become a firm market factor.

In view of these developments, every bank has to define a clear strategic line for the future. The questions to be answered are the following:

- What are the core areas of business?
- What are peripheral activities which may also be abandoned?
- Is the Bank strong enough in its core business areas?
- Is it advisable to focus on a smaller number of areas?

- Is the Bank's position strong enough in its major target markets and in its target customer groups?
- Are we able to cope with the challenges under our own steam?

Our reply is quite unequivocal. We intend to remain a large universal bank with a clear-cut orientation, looking for opportunities – as we have throughout Commerzbank's 128-year history – arising from the combination of traditional commercial and modern investment banking.

In our opinion, given a firm customer orientation this strategy offers the best guarantee for controlled expansion in promising regions and products.

Commerzbank has to be and indeed will be an even stronger bank in the year 2000 than it is today – with earnings and capital ratios which satisfy exacting demands. Only a bank with a strong capital base and qualified staff can compete successfully. This is essential for job security and shareholder satisfaction.

We are making intensive preparations for the euro, Europe's new currency. For some time now, our IT specialists have been dealing with the technical requirements relating to all areas of our Bank. Within the framework of a joint

project covering both the euro and the millennium change, work is proceeding at top speed. This autumn, test programs will be launched so that any adjustments which may be necessary can be made in good time.

One innovation on the legal front is the legislation making it easier to raise capital in Germany. Among other things, it enables companies to present their accounts in accordance with International Accounting Standards (IAS) alone. As from next year, therefore, we intend to switch to this form of accounting, which is becoming ever more common internationally, without having to duplicate our efforts in the form of a second set of accounts in accordance with the German Commercial Code – HGB.

Our equity capital position has improved, thanks above all to October's successful capital increase. This brought us new capital of just under DM1.6bn in the final quarter. In addition, prior to the capital increase, holders of convertible profit-sharing certificates and warrants, who were not entitled to subscribe, had exercised their rights on a large scale. Before the subscription period even began, we had taken in fresh equity capital of more than DM500m.

At our Annual General Meeting on May 29, 1998, for which we once again invite you to Frankfurt, we will be available to answer your questions. Should you be unable to attend, we urge you

to have your shares represented by proxy. This year's agenda includes the election of the ten Supervisory Board members to be appointed by the AGM. In addition, we should like your approval to denominate our capital in the form of no-par-value shares. At the same time, we are requesting at this early stage the authorization to convert the Bank's share capital into euros at the start of 1999. You will find more details on these points of the agenda in the AGM invitation enclosed in this Annual Report.

In the years ahead, our AGM will take place on May 21, 1999 and May 26, 2000 – both to be held in Frankfurt am Main.

End-March 1998



Martin Kohlhaussen
Chairman of the Board
of Managing Directors



Walter Seipp
Chairman of the Supervisory Board

January

February

March

April

May

June

July

August

September

COMMERZBANK

Survey of the Commerzbank Group and Parent Bank

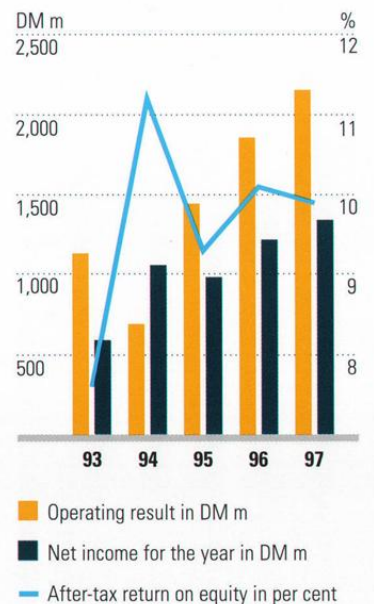
In October, Commerzbank raised its share capital by a nominal DM152.5m. There was a lively response from our shareholders to the attractive offer of subscription rights to purchase new shares at a price of DM52. Through this measure alone, we received almost DM1.6bn of new capital.

October | November | December

Through initiative, a clear focus on customers and innovative products, we further increased our market shares in Germany last year and lifted earnings substantially. We systematically expanded our international activities, with the emphasis on investment banking. Following our capital increase, the exercising of option rights and the allocation of another DM650m to reserves from profits, Commerzbank is one of Germany's best capitalized banks. Our shareholders are to benefit from the 16% increase in our operating result after provision for risks in the form of a higher dividend payment of DM1.50 per share.

Higher operating result, stable return on equity

Commerzbank Group



Economic recovery barely affected by Asian crisis

Although economic activity picked up slightly in Western Europe last year, the urgent problem of high and even rising unemployment remained unsolved. The Maastricht qualification criteria for participation in European monetary union stood in the way of an expansionary fiscal course. And either the courage or the parliamentary majority was lacking, especially in Germany, for the much-needed adjustments to the economic setting.

For the capital markets, however, conditions were positive up to the autumn. With economic growth moderate and inflation rates low, long-term interest rates continued to decline and together with rising corporate profits laid the basis for new record stock-market highs.

Sharp reactions worldwide were triggered by the Asian financial market crisis, whose timing and scale came as a surprise; nonetheless, its dampening effect on economic performance will probably tend to be limited. The Commerzbank Group's results reflect this development in the form of a weak final quarter last year, after three excellent quarters.

Business volume up DM69bn

The business volume of the Commerzbank Group – balance-sheet total and endorsement liabilities – expanded strongly again in 1997, climbing 15.3% to DM520.1bn. The driving force was lending to our customers, which we raised further, carefully taking all aspects of risk into consideration. The increase in short and medium-term credits, which were 17.3% higher at DM104.9bn by year-end, was especially marked.

Parent Bank and major subsidiaries

in DM m	Balance-sheet total		Operating result	
	1996	1997	1996	1997
Commerzbank AG	280,960	309,807	1,180	1,936
comdirect bank GmbH	1,727	2,245	- 46	- 28
Commerz Grundbesitz-Investmentgesellschaft mbH	46	45	22	10
CommerzLeasing und Immobilien GmbH	239	292	25	22
Hypothekenbank in Essen AG	49,664	69,375	109	153
RHEINHYP Rheinische Hypothekenbank AG	78,034	88,649	307	291
Caisse Centrale de Réescompte, S.A.	6,084	6,579	29	46
Commerzbank (Budapest) Rt.	738	855	12	1
Commerzbank Europe (Ireland)	3,991	5,520	32	40
Commerzbank International S.A.	27,896	24,447	387	249
Commerzbank (Nederland) N.V.	3,819	5,172	16	29
Commerzbank (Switzerland) Ltd	1,142	1,387	39	44
Commerzbank (South East Asia) Ltd.	2,536	2,420	33	- 57
Jupiter International Group PLC	234	310	79	89

Currencies translated at year-end rates.



Total lending: strong growth in loans to customers

Commerzbank Group	31.12.1996		31.12.1997		Change	
	DM m	%	DM m	%	DM m	%
Claims on customers						
short and medium-term	89,442	28.9	104,876	29.3	15,434	17.3
long-term (4 years or more)	178,244	57.6	209,645	58.6	31,401	17.6
	267,686	86.5	314,521	87.9	46,835	17.5
Bills discounted	4,515	1.5	4,820	1.3	305	6.8
Loans to banks						
short and medium-term	12,938	4.2	15,089	4.2	2,151	16.6
long-term (4 years or more)	23,905	7.7	23,034	6.4	- 871	- 3.6
	36,843	11.9	38,123	10.6	1,280	3.5
Leased equipment	414	0.1	565	0.2	151	36.5
Total lending	309,458	100.0	358,029	100.0	48,571	15.7
Mortgage loans	58,991	19.1	65,748	18.4	6,757	11.5
Public-sector loans	90,050	29.1	107,901	30.1	17,851	19.8

Longer-term credits, which include the buoyant public-sector lending of our mortgage banks, rose by 17.6% to practically DM210bn. With our bill discounting and interbank credits included, which were up 6.8% and 3.5%, respectively, our total lending rose 15.7% to DM358.0bn. However, our risk-weighted assets as defined by the German Banking Act – KWG – were only 7.7% higher.

Spurred by the strength of Germany's external trade, our liabilities from guarantees and indemnity agreements rose a further 14.4% to DM41.0bn. The credit equivalent of our off-balance-sheet derivatives business calculated on the basis of its gross volume in accordance with Principle I of the German Banking Act was DM11.3bn, compared with DM9.0bn at end-1996.

After the previous year's sharp decline, we held our interbank borrowing at slightly less than DM100bn; claims on other banks declined by a further 3.5% to DM88.7bn. By contrast, customers' deposits advanced substantially again by 13.9% to DM184.3bn. Savings deposits alone shrank 8.4% to DM21.5bn, given the ever greater range of investment products now available, above all attractive regular savings schemes for securities.

In order to finance our medium to long-term lending, we made use of the healthy state of the market to issue securitized liabilities on a larger scale. The outstanding volume of bonds, notes and other securitized liabilities grew by more than DM40bn, or 26.8%, to DM190.1bn. Hypothekenbank in Essen and Rheinyp were especially active here, issuing jumbo and global *Pfandbriefe*, in addition to traditional *Pfandbriefe* and public-sector bonds.

**Profit and loss account – high growth rates
for net interest income and commission income**

Commerzbank Group	1996	1997	Change
	DM m	DM m	%
Net interest and dividend income ¹⁾	5,974	6,993	17.1
Net commission income	2,286	2,793	22.2
Net income from financial transactions	450	42	-90.7
Operating expenses	5,662	6,182	9.2
Personnel expenses	3,526	3,716	5.4
Other administrative expenses	1,667	1,951	17.0
Depreciation on intangible and fixed assets	469	515	9.8
Balance of other operating income and expenses	27	61	–
Provision for possible loan losses	- 1,677	- 1,909	13.8
Securities portfolio held for liquidity purposes	461	359	- 22.1
Operating result	1,859	2,157	16.0
Balance on other business	- 64	- 67	- 4.7
Pre-tax profit	1,795	2,090	16.4
Total tax expenditure	581	752	29.4
Net income for the year	1,214	1,338	10.2

¹⁾ incl. income, expenses and normal depreciation in leasing business.

**Parent Bank's shareholdings
of over 5%: broad range
of industries**

Aino AG Pfullendorf	28.5%
Buderus AG Wetzlar	14.2%
Heidelberger Druckmaschinen AG Heidelberg	9.9%¹⁾
Philipp Holzmann AG Frankfurt am Main	10.0%
Kaufring AG Düsseldorf	12.5%²⁾
Linde AG Wiesbaden	10.2%
MAN AG Munich	6.5%¹⁾
Salamander AG Kornwestheim	10.7%
Thyssen AG Duisburg	5.3%²⁾

¹⁾ held directly and indirectly

²⁾ held indirectly

As of December 31, 1997

**Strong expansion
in securities portfolio**

Due to the growth of repo and swap business, we added considerably to our securities portfolio. Bonds and other fixed-income securities were raised by 29.7% to DM70.3bn and shares by 14.7% to DM9.9bn. The hidden reserves represented by the directly and indirectly held industrial holdings amount to over DM2.5bn. The substantial reserves contained in the strategic participations in the financial sector are not included here.

The major changes in the Bank's non-financial shareholdings stemmed from the disposal of our 10.3% interest in Karstadt to the Schickedanz Group. In connection with the stock-exchange introduction of Heidelberger Druck-

maschinen AG, our stake was reduced from 13.8% to 9.9%. We placed our 24.9% Kolbenschmidt shareholding with a broad circle of institutional investors and reduced the 18.3% interest in Buderus AG to 14.2%.

Investments, holdings in affiliated companies and investments in associated companies are shown at DM3.2bn (+2.8%). The most important additions here were the increase in our stake in Bank Rozwoju Eksportu (BRE), Warsaw, to a current 48.7% and the raising of our interest in Banque Marocaine du Commerce Extérieur (BMCE) to 10%. Montgomery Asset Management (MAM), San Francisco, which was also acquired last year, was consolidated for the first time at end-1997.

Group operating result raised by 16%

All Group companies operated successfully last year. The good results of our two mortgage banks and also our asset management companies deserve special mention (see p.6). But domestic branch business as well managed to lift its profit contribution considerably.

The regional breakdown of our operating result clearly reveals above all the impact of our provision for Asian risks as well as our efforts to strengthen earnings performance in domestic business (see p.68).

Net interest and dividend income rose by a hefty 17.1% to DM7.0bn. Apart from the positive trend for current business and the successful operations of our Treasury department, various special factors have to be taken into account here: for one thing, the extra distributions of Almüco in connection with the bourse introduction of Heidelberger Druckmaschinen AG; for another, the payment of interest arrears by Russia under its rescheduling agreement with its Western creditor banks.

Net commission income climbed by 22.2% to DM2.8bn. This strong rise was fuelled above all by securities business with our private customers, which remained brisk throughout the year. But we registered gains in all of our other commission-earning business as well.

Last year, proprietary trading contributed no more than DM42m to our results. While foreign-exchange dealings (DM241m) and interest-rate futures (DM127m) achieved profits, own-account trading in securities (-DM326m) incurred an overall loss. For the most part, this was due to bond trading under the accounting principles of the German Commercial Code, which we apply.

At DM6.2bn, operating expenses were 9.2% higher last year than in 1996. Whereas the rise in personnel expenses was a moderate 5.4%, we registered a sharp climb of 17.0% in "other" administrative expenses. This mainly reflects our future-oriented investments, i.e. spending on information technology and expansion in investment banking. Depreciation on fixed assets rose by 9.8%. We have come much closer to realizing our objective of permanently bringing the cost/income ratio down to 60%. It is now 62.5% compared with 65% a year previously. We continue to attach high priority to cost management.



Risk-weighted assets and capital ratios (as defined by Principle I, KWG)

Commerzbank Group, as of December 31, 1997
in DM m

	Risk weighting						Total
	100%	70%	50%	20%	10%	4%	
Risk-weighted assets	100%	70%	50%	20%	10%	4%	
Balance-sheet business	166,273	1,299	29,244	18,779	–	–	215,595
Traditional off-balance-sheet business	7,463	–	27,209	1,016	406	75	36,169
Derivatives business	–	–	4,719	6,557	–	–	11,276
Total	173,736	1,299	61,172	26,352	406	75	263,040
Core capital	DM15,760m		Aggregate equity capital		DM25,872m		
Core capital ratio	6.0%		Aggregate equity capital ratio		9.8%		

Impact of Asian crisis on provision for risks

We raised our net provision for lending risks by 13.8% to DM1.9bn last year. After the result from the securities held for liquidity purposes had been set off, an amount of DM1.55bn is left, 27.5% more than in the year before.

Allocations mainly related to borrowers in the Asian problem countries, for which we have provided generously to the tune of around DM1bn, thus maintaining our conservative approach to valuation.

In Germany, on the other hand, some relief was felt; all told, provisioning was reduced by 24%. However, this conceals marked differences in the underlying trends. Whereas the net allocation was 19% higher in the Private Banking department, provisioning in corporate customer business was lowered by more than a third.

Equity base greatly strengthened

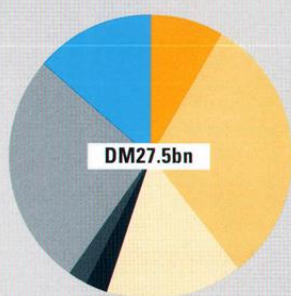
Thanks to the capital increase in October, the issue of shares to employees and the exercising of option rights, the Bank's subscribed capital was DM319m higher at DM2.32bn by year-end; the capital reserve had risen by DM2.25bn to DM8.59bn. All in all, our equity capital expanded by almost DM3.0bn to DM16.5bn.

We also raised subordinated liabilities by just over DM1bn to DM7.3bn; through the exercising of the rights attached to convertible profit-sharing certificates, their total number outstanding was reduced somewhat to DM3.74bn. Liable funds now stand at DM27.51bn – a good DM4bn more than at end-1996.

This inflow of liable funds has substantially improved our capital ratios. Calculated in accordance with Principle I of the German Banking Act, the core capital ratio reached our medium-term goal of 6.0% and the overall capital ratio 9.8%.

Liable funds DM4bn higher

Commerzbank Group, end-1997



- Subscribed capital*)
- Capital reserve*)
- Revenue reserves*)
- Minority interests*)
- Consolidated profit*)
- Subordinated liabilities
- Profit-sharing certificates outstanding

*) equity capital

Breakdown of results, by division

Commerzbank Group
in DM m

	Profits	Operating expenses	After-tax result	Tied-up capital	Cost/income ratio	Return on equity
Domestic Branch Banking	5,959	4,013	477	6,990	67.3%	6.8%
Mortgage banks	843	189	309	1,693	22.5%	18.2%
International Finance*)	2,539	1,110	390	5,032	43.7%	7.7%
Investment Banking	1,857	986	661	3,245	53.1%	20.4%
Others/consolidation	- 1,309	- 116	- 499	- 3,387	-	-
Group	9,889	6,182	1,338	13,573	62.5%	9.9%

*) incl. treasury/foreign exchange

Dividend raised to DM1.50 per share

Despite the decision to provide generously for risks, the Bank's operating result of DM2.16bn after provision for risks reveals a sizeable year-on-year increase of 16%. Due in particular to write-downs on investments, the balance on other items is shown at -DM67m, yielding a 16.4% higher pre-tax profit of DM2.09bn.

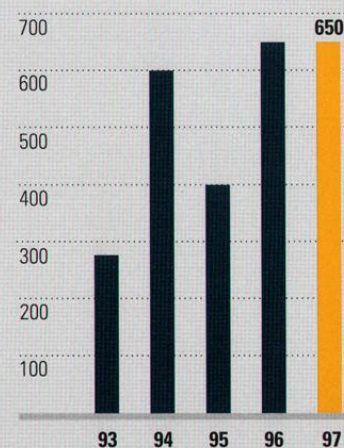
After DM752m of tax to be paid has been deducted, representing a tax ratio of 36%, the Group's net income for the year amounts to DM1.34bn (+10.2%).

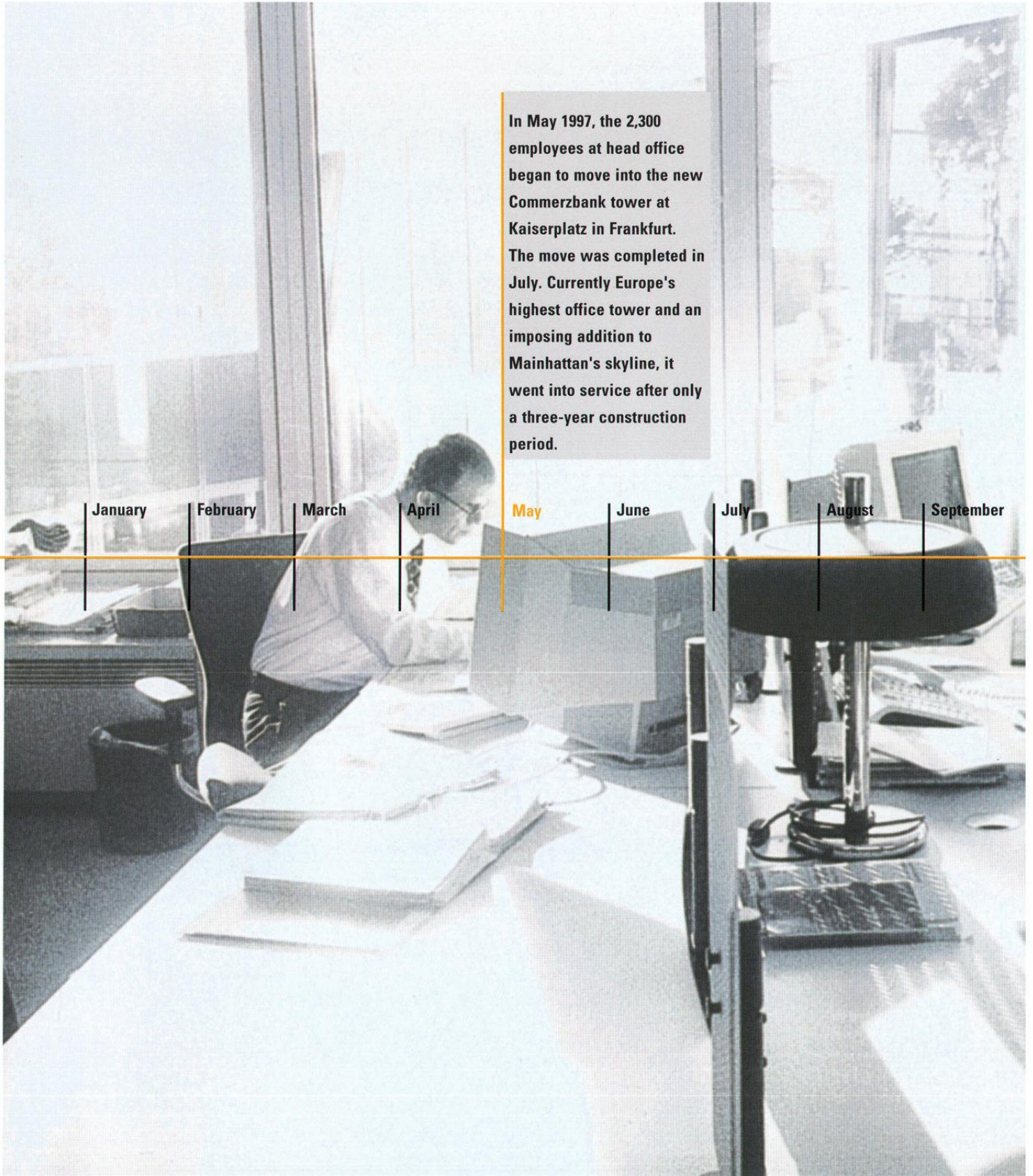
This result enables us to propose to the Annual General Meeting of the Parent Bank that the dividend payment be raised from DM1.35 to DM1.50 per share. As a result, and due to the increase in the Bank's capital, the overall dividend payout will rise to DM673m, compared with DM540m in the previous year.

As in the year before, we have allocated the record amount of DM650m from net income to revenue reserves; they largely stem from profits generated abroad and already taxed there.

Allocation to reserves on high level again in 1997

Commerzbank Group, in DM m





In May 1997, the 2,300 employees at head office began to move into the new Commerzbank tower at Kaiserplatz in Frankfurt. The move was completed in July. Currently Europe's highest office tower and an imposing addition to Mainhattan's skyline, it went into service after only a three-year construction period.

January

February

March

April

May

June

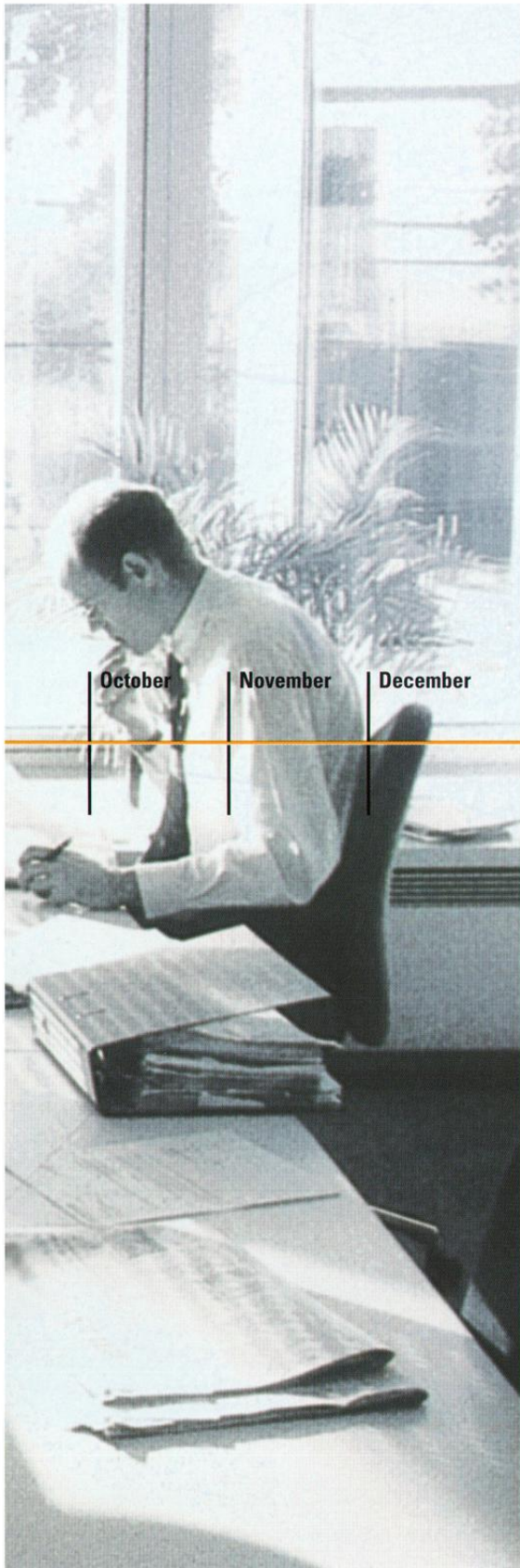
July

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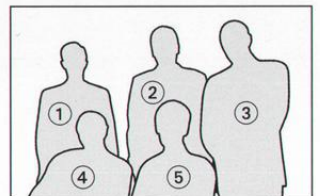
September

Group management and services

All the Bank's central staff and management functions are concentrated in the corporate division Group Management; here business policy and the basic strategic decisions for the Commerzbank Group are worked out. Its other most important responsibilities include the management of all types of risk, corporate planning, the coordination of communication, and the fundamentals of the Bank's personnel policy. The corporate division Services is responsible for all the jointly-used services, such as information technology, payments transactions, back-up technology for securities business, and procurement.



Responsibility for Group Management is shared by the board members Martin Kohlhaussen (5) (Chairman), Kurt Hochheuser (1), Klaus Müller-Gebel (3) and Axel Frhr. v. Ruedorffer (4). Norbert Käsbeck (2) is responsible for the corporate division Services.



Group-wide risk control/ loan portfolio management

Given the ever greater significance of central strategic risk management, not least in connection with the expansion of investment banking and the integration of Commerz Financial Products into the Parent Bank, we maintained our strong efforts last year to build up this area. These will continue in 1998 as well. As a result, we also meet Germany's minimum trading requirements.

This area provides the entire Group with information for controlling emerging risks, primarily market-price and credit risks. The quantitative variables are then added together to form the Group's overall risk position. Regularly, different extreme situations triggered by unexpected events are simulated and their impact on earnings performance is established. A summary of these calculations together with the recommendations on the basis of them is sent to the Board of Managing Directors.

In connection with working out the overall risk profile and for the purpose of monitoring limits, especially market-price risks in trading and asset/liability management are quantified on the basis of the value-at-risk approach.

Inter alia, the risk variables are determined for the Group's individual units, with portfolio effects included. For internal purposes, the historical simulation model that is used draws upon an observation period based on the past 250 trading days, a one-day exposure, equal weighting for the observed data and a confidence interval of 97.5%.

The risk position of the Group's trading portfolio at end-1997 shows the losses which with very great probability will not be exceeded. Comparison with the actual daily trading results reveals that the values at risk were not exceeded on any day. In addition, annual averages have been presented for the confidence interval of 99%. The capital for stress scenarios shows the potential extra loss, given a fivefold standard deviation (scenario I) and the greatest possible extra loss (scenario II).

On the basis of the risk figures, the Group manages the market risks related to trading by setting for all its operative units risk limits, primarily limits for the value at risk and stress scenarios as well as stop-loss limits. These limits are worked out on the basis of both the risk cover available at Group level and the budgeted figures; they are assigned to the operative units.

Value at risk (VaR) of the trading portfolio

Commerzbank Group, in DM m, as of Dec. 31, 1997 (Dec. 31, 1996)

Portfolio	Holding period*)	VaR at confidence interval of				Capital for stress scenarios	
		95%	97.5%	99%	Average 1996 value at 99%	Scenario I	Scenario II
Overall portfolio	10 days	253 (177)	294 (216)	310 (241)	324 (280)	768 (349)	41 (218)
Interest-rate instruments	10 days	99 (176)	130 (225)	162 (267)	215 (350)	319 (293)	67 (230)
Forex instruments	10 days	199 (85)	229 (94)	240 (120)	205 (89)	610 (204)	13 (48)
Equity instruments	10 days	25 (81)	27 (92)	33 (98)	108 (92)	106 (198)	12 (107)

*) pursuant to capital adequacy directive

The risks in asset/liability management are also continually worked out for the Group as a whole by means of various measuring procedures. In order to improve the quality of monitoring, we have begun to employ risk limits in the Group's system of limits. In addition, we have gone over to daily risk measurement in some areas.

Information on the credit risk and on possible crisis scenarios with their impact on results is used throughout the Group for management purposes. Such information is drawn upon in national and international corporate customer business, and as from 1998 in retail customer business as well, when setting the lower pricing limit for loans and also in calculating customer profitability. Since last year, units have also been able to use the monthly updated risk figures for their portfolios in order to influence the structure of their risks in a controlled manner.

Comparison of the actual risk costs with the expected losses leads to conclusions about the success of loan management. In addition, we are in the process of introducing modern methods of risk measurement. Our objective is to isolate, limit and cover concentrations in our loan portfolio better.

For derivatives transactions in particular, the regular conclusion of bilateral netting agreements reduces the credit risks. In future, we want to improve our risk profile further through the conclusion of agreements on collateral.

All the risk figures together with the results are computed to yield the risk-adjusted return on capital (RORAC). This will become one of our key target and control variables and will be used for measuring performance and assessing management performance.

Responsibility for managing lending risks lies with the staff department Credit Risk Management. It has to ensure a balance between largely marketing and sales-oriented business activities and the management of credit risks. It employs the modern CODEX expert system in order to examine corporate customers. Smaller businesses are analysed on the basis of a computerized credit application scoring procedure (COKAS). This system is designed to facilitate lending decisions and the processing of loans through comparison of the main characteristics of clients with statistical default probabilities, thereby identifying potential deficiencies in creditworthiness before the decision to lend is taken.

In our international lending, we set great store by a balanced and risk-oriented distribution of our involvement in individual countries. In the light of the Asian crisis, our guideline system has proved itself to be a suitable instrument for managing country risks. A special focus falls on the monitoring and control of counterparty risks (counterparty, issuer and settlement risks), taking into account the minimum requirements for trading transactions.



More intensive use of information technology

Through the move to our new head-office tower in Frankfurt, more than 2,000 workplaces are equipped with the latest in information technology. This includes multi-functional workplaces, a rapid network for transmitting data and a variety of security devices.

The expansion in investment banking has led to a complete restructuring of our IT systems in bond trading. Roughly 280 workplaces for dealers were equipped with new systems when extensions were made to the trading facilities of the Global Equities department. In addition, we were closely involved in the introduction of the new computer-based trading system XETRA. This year, we also intend to link our bond trading up with XETRA.

Since last November, Commerzbank has been on the internet with COMLINE, its new homebanking link. Through cooperation with IBM and Karstadt, it has also developed a new internet payment procedure, based on the SET (secure electronic transaction) standard. Since February, it has been offered to a wider circle of customers as part of a pilot project.

In order to support the nationwide introduction of the electronic purse, we installed around 1,000 special-function banking terminals for loading pre-paid cards at our branch network last year. In the current year, we are also equipping our ATMs with this function.

Eco-audit launched

As an environmentally-oriented bank, Commerzbank was quick to introduce an eco-audit. The project was launched at our Bielefeld main branch and its affiliated branches in 1995, with the Cologne, Mainz and Nuremberg regions joining in a year later.

The results presented in the meantime show that ecology and economics do not have to be mutually exclusive. For instance, branches with a relatively high energy consumption were analysed in detail – and it emerged that their consumption can be cut by 30% on average. This helps relieve air pollution, preserves resources and dampens costs.

A cautious calculation in the Bielefeld region points to cost savings of just under DM500,000 per year, no less than about 12% of the other operating expenses that were examined. In the other three regions, the savings potential for electricity, heat and water is roughly similar, whereby only measures involving small investments were taken into consideration. Given higher capital spending, far greater cost advantages are possible. An estimate based on previous experience suggests an amount ranging between DM4,000 and DM9,000 per branch and year.



Board of Managing Directors

The corporate divisions at head office

Group Management	Domestic Branch Banking	International Finance	Investment Banking	Group Services
comprise the following banking, staff and service departments:				
Accounting and Taxes Compliance and Security Corporate Communications Credit Risk Management Human Resources Internal Auditing Legal Services Strategy and Controlling	Corporate Banking Private Banking Real Estate Organization	International Bank Relations Human Resources International Finance/ Investment Banking	Asset Management Corporate Finance Global Bonds Global Equities Relationship Management Treasury	Information Technology Global Operations

The corporate divisions include:

RHEINHYP Rheinische Hypothekenbank AG Hypothekenbank in Essen AG	20 main branches 155 regional branches 754 branches • comdirect bank GmbH Commerz Finanz-Management GmbH Commerz Service GmbH CommerzLeasing und Immobilien GmbH Commerz Grundbesitz-Investment-gesellschaft mbH • Allfinanz partners	Commercial banking activities at 20 foreign branch offices 29 representative offices Commerzbank (Budapest) Rt. Commerzbank Europe (Ireland) Commerzbank International S.A. Commerzbank (Nederland) N.V. Commerzbank (South East Asia) Ltd. Bank Rozwoju Eksportu S.A. Korea International Merchant Bank P.T. Bank Finconesia Unibanco – União de Bancos Brasileiros S.A.	ADIG Allgemeine Deutsche Investment-Gesellschaft mbH Commerzbank Investment Management GmbH ADIG-Investment Luxemburg S.A. Caisse Centrale de Réescompte Commerzbank Capital Markets Corporation Commerzbank (Switzerland) Ltd Commerz International Capital Management GmbH Wood & Co. WoodCommerz a.s. Commerz Securities (Japan) Co. Ltd. Hispano Commerzbank (Gibraltar) Ltd. Jupiter International Group PLC Martingale Asset Management, L.P. Montgomery Asset Management, LLC • Commerz Futures Corporation	
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As of January 1998

In April 1997, the Bank opened its first "Commerzbank shop" in a self-service store in Dortmund-Aplerbeck. Nationwide, 25 units of this kind will be operating by mid-1998. Above all, the long opening hours of this new type of branch – including Saturdays – are attractive to our retail customers.

January

February

March

April

May

June

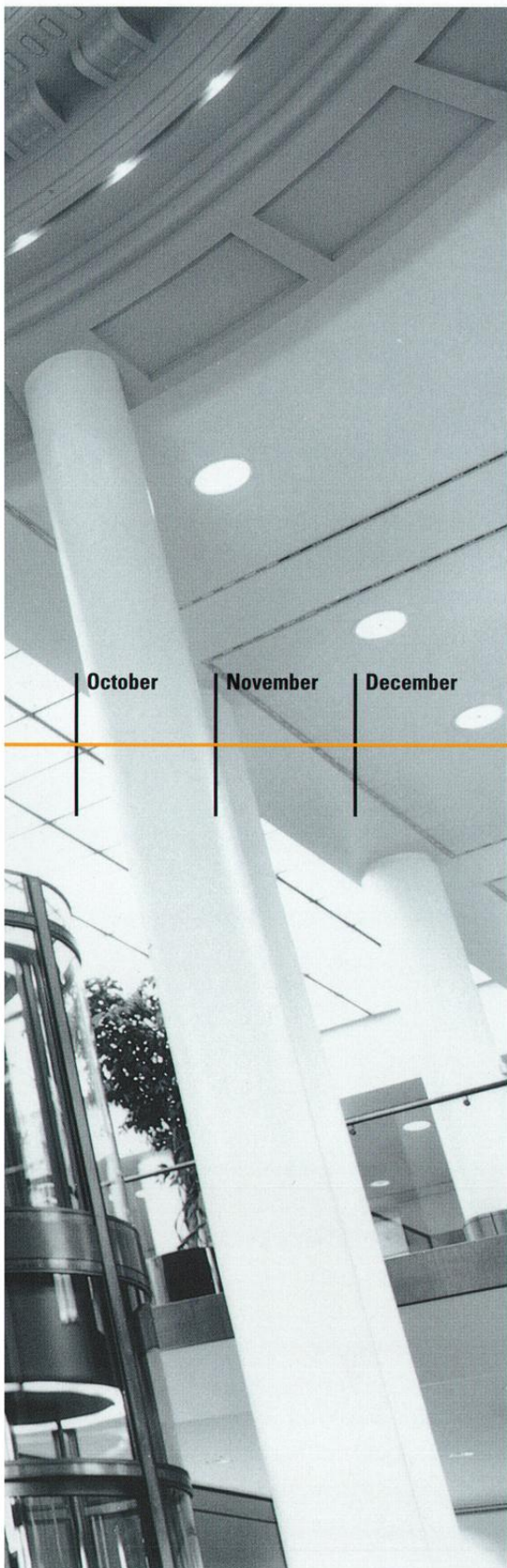
July

August

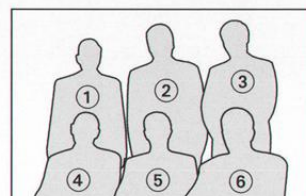
September

Domestic branch banking

By further streamlining workflows and through more intensive marketing efforts in all segments, we took a major step towards our earnings targets in domestic branch business last year. The Corporate Banking department was very successful, especially since there was less need to provide for risks. Thanks to lively securities business and a substantial increase of 110,000 in the number of customers, we managed to raise earnings in retail banking considerably. Despite the difficult market conditions, the Real Estate department registered a positive development.



The board members Erich Coenen (1), Dietrich-Kurt Frowein (6), Peter Gloystein (3), Kurt Hochheuser (5), Norbert Käsbeck (2) and Klaus Müller-Gebel (4) share responsibility for the corporate division Domestic Branch Banking.



Corporate lending buoyant

With interest rates low and credit demand brisk, we again expanded our market share of domestic branch banking somewhat in 1997. In the corporate customer area, short-term lending expanded rather more than the medium and long-term brackets. However, in view of the stream of record bankruptcy levels, risk management took on a special significance. Thanks to the systems developed in this connection over the past few years, we have already made encouraging progress in improving the risk quality of our domestic portfolio is concerned. Consequently, we were able to boost the result of our corporate customer activities considerably.

Credit and investment business with municipalities and local-authority enterprises was also successful. We noted a growing preference on the part of our smaller business clients for a wide range of instruments for limiting interest-rate and currency risks; it was also encouraging that firms of this type have become more willing to invest in equities or equity-based funds and have shown greater interest in the fund management offered by Commerzinvest (see p.34).

Strong rise in external trade

Thanks to their improved competitiveness, German exports expanded again by 12.5% to DM887bn, marking the fourth record year in a row. Imports, up 10.9% to DM766bn, rose rather more slowly than exports. Commerzbank expanded to 13.4% the share of Germany's external trade for which it handles the financial side. Business with Central and Eastern European countries was especially positive.

For clients with cross-border activities, the Bank is currently realizing an integrated scheme for "international sales and transactions management" including multinational cash management. This is designed to secure for customers the best liquidity flow and interest balance in their international business, while minimizing settlement and currency risks, with a special emphasis on speed and quality.

Cooperation at European level

In order to improve the service we offer the foreign subsidiaries of smaller businesses, we have signed bilateral cooperation agreements with a series of European banks. These are making available their branch networks and special local know-how to our customers. Among other things, this cooperation ensures a more rapid handling of payments and also makes it easier to open an account and procure working funds.

Baumgartner + Partner

In consulting, we have achieved substantial progress as regards both turnover and earnings. Baumgartner + Partner maintained its encouraging development last year. Turnover was raised by 19% to DM34m. The operating result expanded by an above-average 33% to DM2.5m. Our cooperation with Baumgartner + Partner was particularly intensive over the introduction of the euro. At a number of joint presentations, customers and non-customers alike were made more familiar with this topic and the related practical consequences.

Electronic banking – now via internet

Last year, Commerzbank entered the world of electronic commerce, the handling of transactions via internet,



which is becoming ever more important for our business clients. We offer companies and also private customers suitable and safe procedures for handling payments. With our range of products we have secured a good position in this area and can offer our customers specially tailored solutions for electronic commerce.

In 1997, we rounded off the point-of-sale system by creating a network for all types of card payments, including the pre-paid card, and made available to stores a comprehensive back-up programme.

Higher market share in retail banking

The Bank's strategy of looking ahead with its customers and offering them attractive products and innovative services proved successful last year as well. We managed to win 110,000 new retail customers for the Bank, thereby raising our market share further. One of the main factors here was the exploration of new ways of reaching customers in addition to the branch network: Commerzbank shops in shopping centres, the internet and ATMs at Shell filling stations. In lending to private customers, demand for building finance in particular (+9%) produced further growth in our loan portfolio.

The annual measurement of customer satisfaction at the branch level is an important indicator for us of how our Bank fares in its daily contact with customers. In a year-on-year comparison, we registered improvement in 1997. The findings are an important criterion in establishing performance-oriented remuneration for managerial staff at our branches.

Successful securities business

Once again, net commissions in securities business were much higher in a year-on-year comparison. Apart from the positive stock-exchange environment, new products, which met with brisk demand from customers, made quite a major contribution here.

Worthy of special mention in this context are the equity-based fund EuropaVision launched with the aid of a broad marketing campaign, the successful placement of the US real-estate share US Realty, and the newly offered professional asset management even for smaller investment amounts.

After the uncertainty caused by the debate on tax reform last spring, sales of property and leasing funds similarly rose again in the course of the year.

Commerzbank now offering Visa & Young Visa cards

Since last October 1, we have also offered the Commerzbank Visa card. With Eurocard and Visa, we make available to customers the two market leaders among credit cards, thus providing them with virtually universal acceptance by retail outlets worldwide. Naturally, credit balances on accounts for either card earn interest.

Pupils, students and apprentices from 18 years upwards have access to both a eurocheque and also a Commerzbank Young Visa card as part of their special account for young people. In addition to the standard credit-card services, the Commerzbank Young Visa has extras which are specially designed for the 18-27 year-old target group.



Commerzbank Shop

Sizeable amount of Allfinanz business passed on

For the first time since our cooperation began, the banking business passed on by DBV-Winterthur Versicherungen and Leonberger Bausparkasse exceeded the DM2bn mark (DBV-Winterthur DM900m, Leonberger Bausparkasse DM1.1bn). Despite difficult market conditions, the sale of both life insurances and loan savings contracts was maintained at a high level.

Corporate customer advisers and private banking

In order to expand our private customer business, we have focused strongly on the differing needs of our clients. Nationwide, corporate customer advisers have been assigned to our larger branches; they are able to offer the self-employed and professional people even more qualified and individual advice.

By setting up private banking advisory teams in Berlin, Düsseldorf, Frankfurt, Hamburg, Munich and Stuttgart, we are seeking to cater even better for the needs of high net-worth individuals. Under the motto of combining the advantages of a major bank with a private-bank style, Commerzbank places the whole of its national and international expertise at the disposal of these clients.

Euro InformationsForum

The euro still has a number of question marks for many of our clients. Yet it is important for everyone to make the right decisions in the run-up to its introduction, for example, as regards investments.

For this reason, Commerzbank has set up a Euro InformationsForum providing customers and anyone interested with

facts and information on all aspects of the euro. Important issues are highlighted and concrete alternatives are outlined.

Customers and others interested in the topic are availing themselves of the opportunity to get a euro check for their custody accounts, receive advice on the new currency and invest in special euro products. This is reflected in the large number of people who are already taking part in our Euro InformationsForum.

CFM: market leader in private financial planning

In the private financial planning segment, Commerz Finanz-Management (CFM) was able to further improve upon its leading market position by raising both its turnover and the number of clients it dealt with. This advisory service comprises a network-based analysis of all a customer's assets. The neutral recommendations deriving from this provide the basis for getting the most out of all the assets available and offer the adviser a solid foundation for recommending investment opportunities. With its sophisticated analytical methods, CFM will continue to play a major role in this expanding market.

comdirect bank on a successful course

Last year, comdirect bank registered a consistently dynamic upward trend in its business activities. With a steady increase in its customers and a favourable bourse environment, the direct banking outlet of the Commerzbank Group, founded in 1995, produced an improved result. comdirect bank is confident that it will reach break-even point in 1999.

Discount brokerage was a major reason for the increase to 109,000 in the total number of its customers. By end-1997, 61,000 clients were already availing themselves of the opportunity to effect securities transactions with no counselling at low-priced conditions; loans for the purpose of buying securities have also become more important. As a result, comdirect bank was able to defend its position as "Germany's number one discount broker".

As between 7,000 and 8,000 calls are received every day on average, the telephone is the most important sales channel. In order to handle the rise in customer figures and extreme situations on the stock exchange with high-quality level of service in the future as well, comdirect bank is investing in the latest telecommunications technologies.

Homebanking is of growing significance. 25% of comdirect's customers deal with their payments or securities orders by internet or T-online. comdirect bank was the first German financial institution to provide broad coverage of market prices. In addition to roughly 130,000 current quotations and a similar number of charts, further economic and bourse information is available.

International orientation for Real Estate department

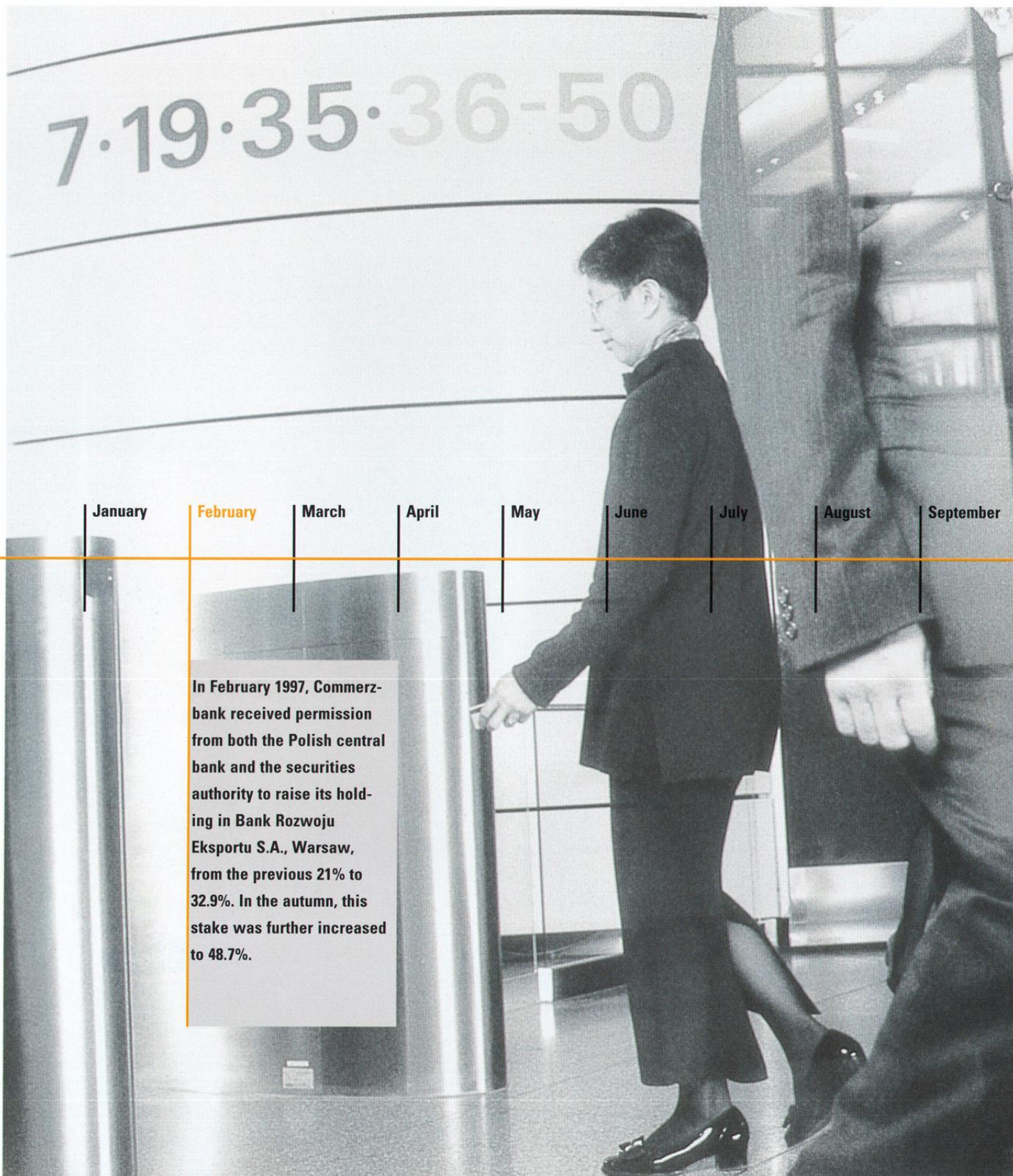
Both in property leasing and in the field of closed-end funds, Commerz-Leasing und Immobilien GmbH is one of Germany's leading companies. Aggregate new leasing business reached about DM2.4bn last year, with the leasing of moveable goods accounting for DM576m of this. The total assets under management had

expanded to around DM26bn by year-end. The takeover of a 51% interest in BRE Leasing, one of the leading Polish companies in the leasing of moveable goods, marked an important step towards offering the entire range of products outside Germany.

The open-ended property fund Haus-Invest administered by Commerz Grundbesitz-Investmentgesellschaft mbH achieved a net inflow of DM1.2bn in 1997; the assets it manages expanded by 18% to about DM7.5bn. The number of customers increased to roughly 190,000. All told, the fund's real-estate assets comprised 90 properties with a value of roughly DM5.6bn at end-1997. New investments were made for the most part outside Germany in the United Kingdom, the Netherlands, Austria and for the first time Portugal, raising the share of foreign properties to around 50%.

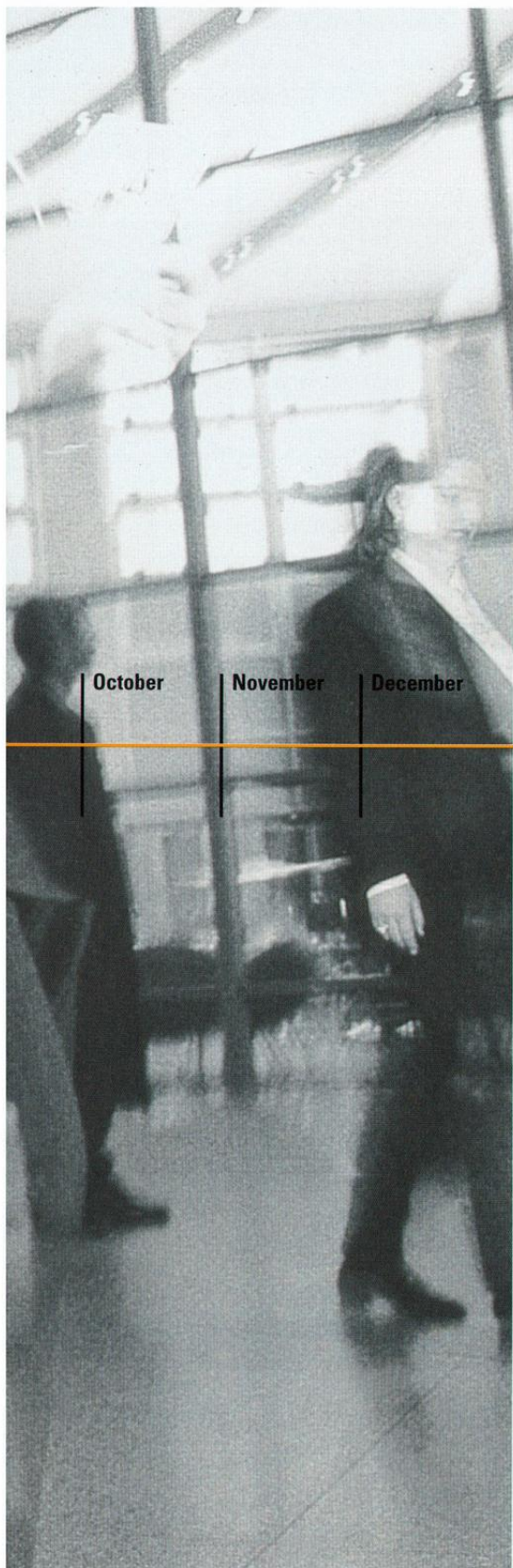
Given the uneven development of property markets worldwide, we will systematically extend cooperation with the US company Security Capital Group (SCG), in which Commerzbank holds a stake of about 4%. Last year, two share placements were effected for Security Capital US Realty, in which SCG is the largest shareholder; taken together, their overall volume was about DM810m.



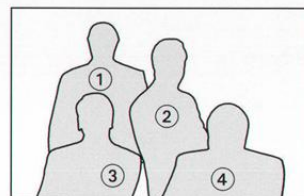


International finance

This corporate division is responsible for Commerzbank's foreign commercial banking activities. Contacts with more than 7,000 correspondent banks worldwide are managed and developed by the International Bank Relations department through the Bank's 20 foreign branches and 29 representative offices. With its subsidiaries included, Commerzbank has more than 60 outlets of its own in 42 countries. It also has substantial shareholdings in a series of banks abroad, where it is represented at management level.



The board members Jürgen Lemmer (4), Klaus-Peter Müller (2), Klaus M. Patig (3) and Axel Frhr. v. Ruedorffer (1) are jointly responsible for the corporate division International Finance.



Presence further strengthened in Central and Eastern Europe

In Central Europe, we complemented our existing representative offices in Warsaw and Bratislava by opening an office in Bucharest this March. A further representative office is planned for Zagreb in Croatia.

In the CIS republics, we are represented directly in Moscow, St. Petersburg and Novosibirsk (Russia), Kiev (Ukraine), Almaty (Kazakhstan) and Minsk (Belarus). As from the summer, they are to be joined by a representative office in Tashkent (Uzbekistan).

We have also been granted a licence by the Russian central bank to set up a subsidiary in Moscow, which will make a broad range of services available to our international customers from July onwards.

Our branch in Prague, which has been active since 1992, has become the Czech Republic's largest foreign bank. And Commerzbank (Budapest) Rt. is one of Hungary's leading foreign banks as well. In 1997, it raised its balance-sheet total by 16% to DM855m; its equity capital expanded by DM9m to DM71.0m.

Last year, we raised our interest in Bank Rozwoju Eksportu (BRE), Warsaw, from 21% initially to 32.9% and later to the present 48.7%. As expected, the cooperation with BRE, dating back to summer 1994, has developed exceptionally well. Not only do we have delegates in its management and at its head office; we also have Commerzbank corporate customer advisers at BRE's leading branches.

Focus remains on Western Europe

Despite the current concentration on expansion eastwards, Western Europe continues to be the focal point of our foreign commercial business. This is due not least to the fact that this region absorbs roughly two-thirds of Germany's exports.

In addition to our long-established branches in Belgium, France, Spain and the United Kingdom and the new branch in Milan planned for this year, we operate via subsidiaries in Luxembourg, the Netherlands and Ireland.

Commerzbank International S.A. (CISAL) in Luxembourg, which is involved in all the standard Euromarket trading and credit transactions as well as international private customer business, was again successful in 1997. As in previous years, DM120m has been transferred as an advance dividend payment to the Parent Bank from the distributable profit of DM293m.

Commerzbank (Nederland) N.V. in Amsterdam operates with success in traditional lending business, with an emphasis on project and export finance, and also in foreign commercial business and money-market and foreign-exchange transactions. Thanks above all to brisk lending to customers, its balance-sheet total expanded by a strong 37% to Dfl5.9bn. Earnings performance improved in all segments. Once again, its entire net income for the year, up 8% to Dfl23.1m, is being allocated to reserves. In view of the expansion in credit business, a capital increase of a nominal Dfl10m was effected, with a premium of Dfl40m, which boosted its equity capital to Dfl345.8m.

In 1995, Commerzbank (Europe) Ireland began operations in Dublin, primarily concentrating on international financings for prime clients as well as structured financings. After trebling in 1996, its business volume expanded again by more than a third to DM5.5bn. After-tax profit reached DM36.3m, representing a year-on-year advance of 26%.

In Belgium, we recently set up a subsidiary alongside our branches in Brussels and Antwerp. It is endowed with a capital of Bfr800m and will concentrate initially on financing international trade.

Last autumn, we acquired a stake of just over 2% in Erste Bank der oesterreichischen Sparkassen AG. This is our first venture in Austria; a cooperation agreement and several individual contracts create the basis for intensive business relations with this the second-largest Austrian banking group.

Asia: difficult environment

Towards the end of 1997, Asia's economic and financial crisis came to a head, casting its shadow over the first few weeks of 1998 as well. However, we are positive as regards the region's long-term prospects. It remains extraordinarily efficient, internationally competitive and possesses considerable medium-term growth potential. We now maintain six branches, three subsidiaries, five representative offices and two sizeable equity participations in South-East Asia and the Far East.

In the difficult environment, our subsidiary in Singapore, Commerzbank (South East Asia) Ltd., fared well, reinforcing its position above all in corporate finance and private banking. On account of the high level of provision for risks, however, its result fell far short of the previous year. The loss of S\$54m is at the expense of reserves, reducing the bank's equity capital to S\$136m.

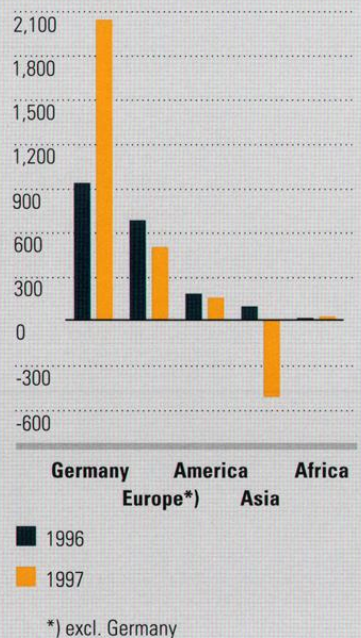
The business development of Korea International Merchant Bank (KIMB), in which we hold a stake of almost 24%, reflects Korea's economic problems. For the first six months of the current financial year, KIMB increased its net income by 65%; but for the year as a whole, it will post a result close to zero for the first time in its history. Over the longer term, though, we expect that economic recovery will lead to an improvement in the business situation as well.

Stronger involvement in Morocco

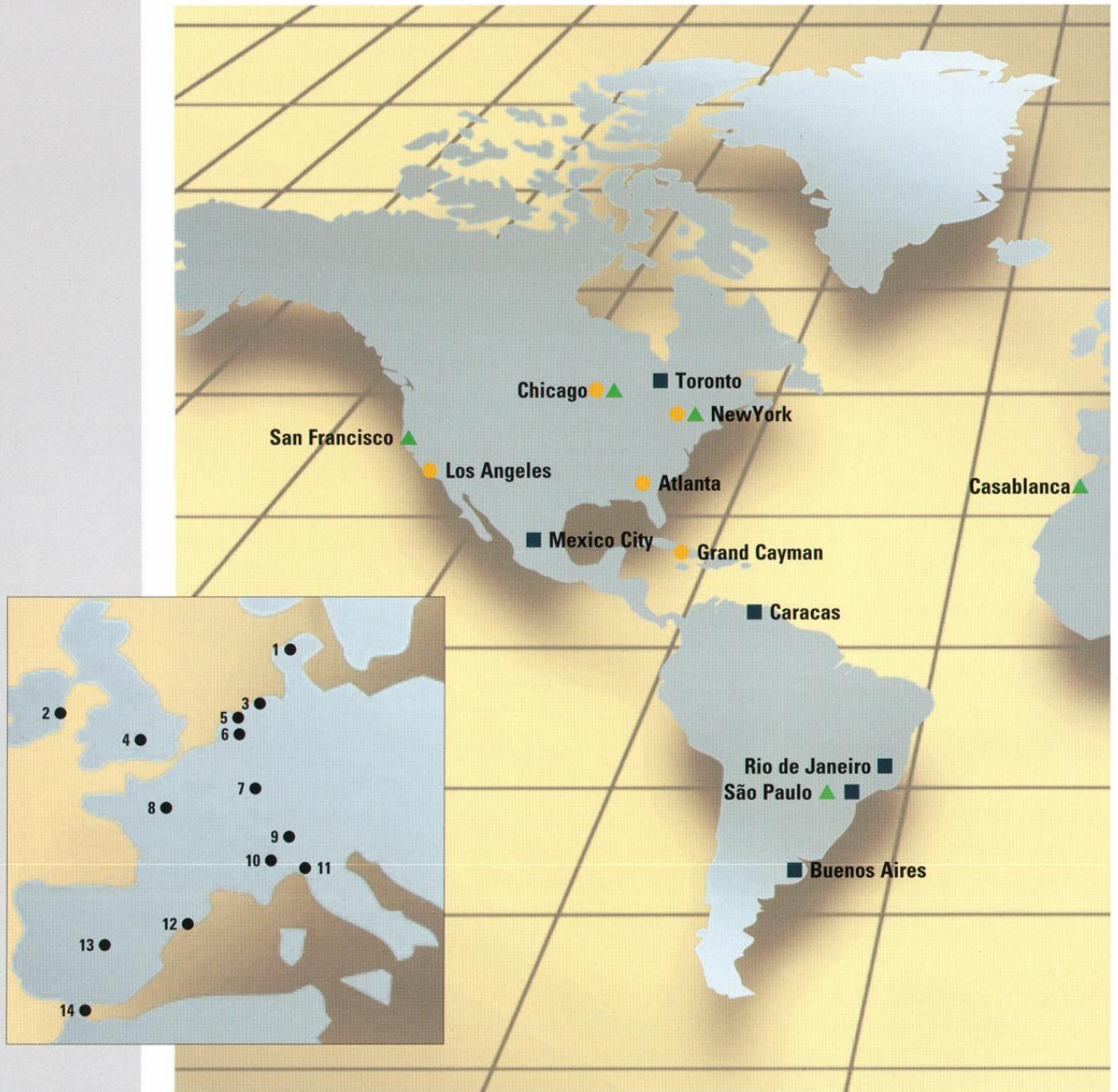
In Morocco, one of North Africa's growing markets, we have notably raised our shareholding in Banque Marocaine du Commerce Extérieur to 10%. With a staff of 2,500 working at 181 branches, BMCE is primarily active in lending to companies and, as Morocco's leading external trade bank, provides the financing for about 30% of the country's exports and imports.

Breakdown of operating result, by region

Commerzbank Group, in DM m



Commerzbank worldwide



- | | | | |
|------|------------|------|-----------|
| 1 ■ | Copenhagen | 8 ●▲ | Paris |
| 2 ▲ | Dublin | 9 ▲ | Zurich |
| 3 ▲ | Amsterdam | 10 ▲ | Geneva |
| 4 ●▲ | London | 11 ■ | Milan |
| 5 ● | Antwerp | 12 ● | Barcelona |
| 6 ●■ | Brussels | 13 ● | Madrid |
| 7 ▲ | Luxembourg | 14 ▲ | Gibraltar |



- Foreign branches
- Representative offices
- ▲ Major foreign holdings

In addition to the representative office in Bucharest, which opened in March, we plan to set up a subsidiary in Moscow, a new branch in Milan and representative offices in Tashkent and Zagreb this year.



In July 1997, the purchase agreement for the takeover of Montgomery Asset Management (MAM), San Francisco, by Commerzbank was signed. We intend to expand MAM's business both in the USA and through its own sales channels in Europe and Asia.

January

February

March

April

May

June

July

August

September

Investment banking

The corporate division Investment Banking was expanded in 1997 and partially restructured. Since the start of this year, the Treasury and Foreign Exchange department has been added to the existing units Asset Management, Corporate Finance, Global Bonds, Global Equities and Relationship Management. We have integrated Commerz Financial Products into the Parent Bank, assigning its derivatives activities to the departments responsible for the underlying transactions. For one thing, we believe this will create greater synergy effects; for another, we want to offer our clients even more qualified, specially customized solutions in a single package.

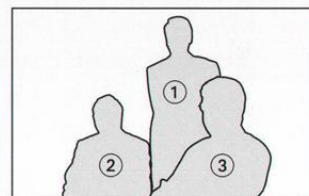
October

November

December



For the corporate division Investment Banking the board members Dietrich-Kurt Frowein (3), Jürgen Lemmer (2) and Klaus M. Patig (1) bear responsibility.



Our approach to relationship management is now firmly based above all on extended investment banking activities. We acquired new business and at the same time ensured that investment banking is not looked upon as something parallel to commercial banking, but rather is seen by customers as part of our all-in-one approach.

Expansion was concentrated on the banking department Global Equities. We have adopted a customer-oriented approach here, representing a partnership between managers in charge of different regions – Frankfurt, London, New York, Hong Kong/Singapore and Tokyo – and product managers with worldwide responsibility. The various equity products are to be offered successively in the individual regions in order to ensure that investments in staff and equipment are covered as soon as possible by corresponding earnings. By the end of the current year, we plan to increase our workforce in the equities area by 350 worldwide. Over the longer term, we are convinced that this will considerably improve our earnings and notably increase contacts with customers.

Successful diversification in international bonds

Given persistently high liquidity and a further decline in interest rates in some cases, international bond business remained very buoyant in 1997. However, the advent of the Asian crisis, which also spread to other emerging markets, gave rise to serious structural disruptions in the autumn. Prime-quality government bonds issued by industrial nations benefitted

from the sudden split in the market, whereas borrowers with a weaker standing were either unable to launch new issues or had to pay substantially higher interest premiums. Other segments, such as Eurobonds and *Pfandbriefe*, also reacted to the collapse of the Asian financial markets in the form of higher spreads to government bonds, which had a decidedly adverse effect on our bond-trading result.

In the increasingly more difficult environment, Commerzbank managed to defend its position well in primary-market business. All told, we were involved in 915 international bond offerings, just over a fifth more than a year previously. In the table of the world's leading issuing houses, we moved up from 16th to 12th position. Our efforts to get away from the monoculture of DM bonds bore fruit: DM paper accounted for only 64% (93% in 1996) of the issues in which we were involved, while the share of the US dollar expanded from 4% to 30%. All in all, we brought 25 US dollar bonds to the market in 1997, compared with a mere six in the previous year. One special event was the launch of a US\$750m global *Pfandbrief* by our mortgage subsidiary Rheinhyp, which was followed by a US\$1bn global *Pfandbrief* of Hypothekbank in Essen early in 1998.

Successful forex trading

In foreign-exchange trading, a traditional strength of Commerzbank, we further increased our earnings. Here as well, we successfully attempted to switch from business in the currencies of the future euro zone to Eastern

European and other European currencies outside monetary union. Once again, the treasury area was highly profitable. This holds true for both money-market activities in the narrower sense and asset/liability management and trading in money-market derivatives. A market poll by the periodical Risk Magazine voted Commerzbank the leading German institution for forward rate agreements.

Sizeable equity capital issues

The Corporate Finance department benefitted from the lively demand for equity capital and the continuing wish of smaller firms to obtain a listing on the stock exchange. For Heidelberger Druckmaschinen AG, last year's third-largest bourse introduction with a very successful international placement, we served as lead manager and also for H.I.S. Sportswear AG when it went public. For ProSieben Media AG and also – in Germany's Neuer Markt segment – for Aixtron and Sachsenring, we acted as co-lead managers. We played a prominent role as well in the sell-off of the government's remaining stake in Deutsche Lufthansa, placing an outstanding amount of shares. Furthermore, we were involved in 15 capital increases in an overall amount of DM7.2bn. For Thyssen AG, we placed DM1.2bn worldwide, which was well received; this was the first time that a German industrial firm had not granted subscription rights to existing shareholders.

Last year as well, syndicated loan business was characterized by a further narrowing of margins and a decline in commissions. It was not until the crisis in Asia broke that this long-term trend was halted and there was some recovery. While our activities continued to focus on Western Europe and North America, Eastern Europe and South Africa gained ground. All told, we participated in 654 international syndicated loans, acting as lead or co-lead manager for 153 of them.

In the area of project finance, we concentrated on providing finance for power stations in Germany and Eastern Europe. One of the important projects for the future is our bid – launched jointly with Copenhagen Airports and the American project developer Bechtel – to handle the privatization of Berlin Brandenburg Flughafen Holding as well as the financing, construction and running of the major airport Berlin-Schönefeld. The emphasis in our medium and long-term export finance was on aircraft and ships. Here “structured financings” are becoming more important, in which lending risks are minimized through a combination of different instruments.



Worldwide asset management

In asset management, the acquisition of Montgomery Asset Management in San Francisco means that the Commerzbank Group now has units of its own in all the leading financial markets. It thereby meets the expectations made on a global asset management organization. Above all, in an increasingly integrated Europe, it can offer a complete range of products. At the same time, investment research has been strengthened by setting up individual units in London, New York, Tokyo and Singapore.

The assets managed by the Group expanded by over 40%, or DM55.5bn, to DM175.5bn in 1997. Apart from the integration of Montgomery, new inflows of funds and price gains contributed in roughly equal measure to this result. In the meantime, considerably more than 40% of the overall amount of assets under management originate outside Germany, with practically 45% of investments in the form of equities. These structural changes together with further rationalization measures have left us with a far better cost/income ratio than that of other international players.

All our units operated successfully last year. Allgemeine Deutsche Investment Gesellschaft (ADIG) and ADIG Investment Luxemburg (ALSA), in which Commerzbank holds a sizeable stake, attribute their good results to a technology offensive. But the attractive palette of innovative fund products focusing on European monetary union and the outstanding performance of many funds also played a major role in boosting business. By end-1997, the two companies were managing more

than DM50bn. Sales of EuropaVision were spectacular, so that within a short time it became the ADIG Group's largest equity fund, with overall assets in excess of DM3bn. In Poland, the investment company Skarbiec, set up jointly with Bank Rozwoju Eksportu, launched its first three investment funds under Polish law.

At year-end, Commerzbank Investment Management GmbH was managing 302 special funds for German institutional investors. Its fund volume surged by a hefty 46% to practically DM39bn; 48 new special funds were set up. In December, Commerzinvest was awarded the German DIN EN ISO 9001 certificate, which means that it meets the high standards that are required with regard to its internal organization and operational procedures. The company expects strong inflows in 1998 as well.

Commerz International Capital Management GmbH, which looks after non-German institutional investors, likewise achieved an encouraging expansion in its newly acquired customers' assets. There was an increase of a third, to almost DM13bn, in the assets it manages. Since the start of the current year, CICM has also been selling publicly-offered funds in Japan.

Our UK subsidiary, Jupiter International Group has reinforced its position as one of the leading sellers of publicly-offered funds in Britain, where it was one of the most strongly expanding fund companies last year. Its assets under management reached the equivalent of DM20.2bn.

At year-end, Caisse Centrale de Ré-
escompte in France was managing roughly DM11.4bn of assets. In 1997, it began to manage French equities and established a specialized company for higher-income private customers.

Our new acquisition Montgomery Asset Management currently looks after assets of US\$9.4bn, about 28% more than in the previous year. Over half of this amount is held on behalf of its 320,000 customers who have invested their money in 24 publicly-offered funds.

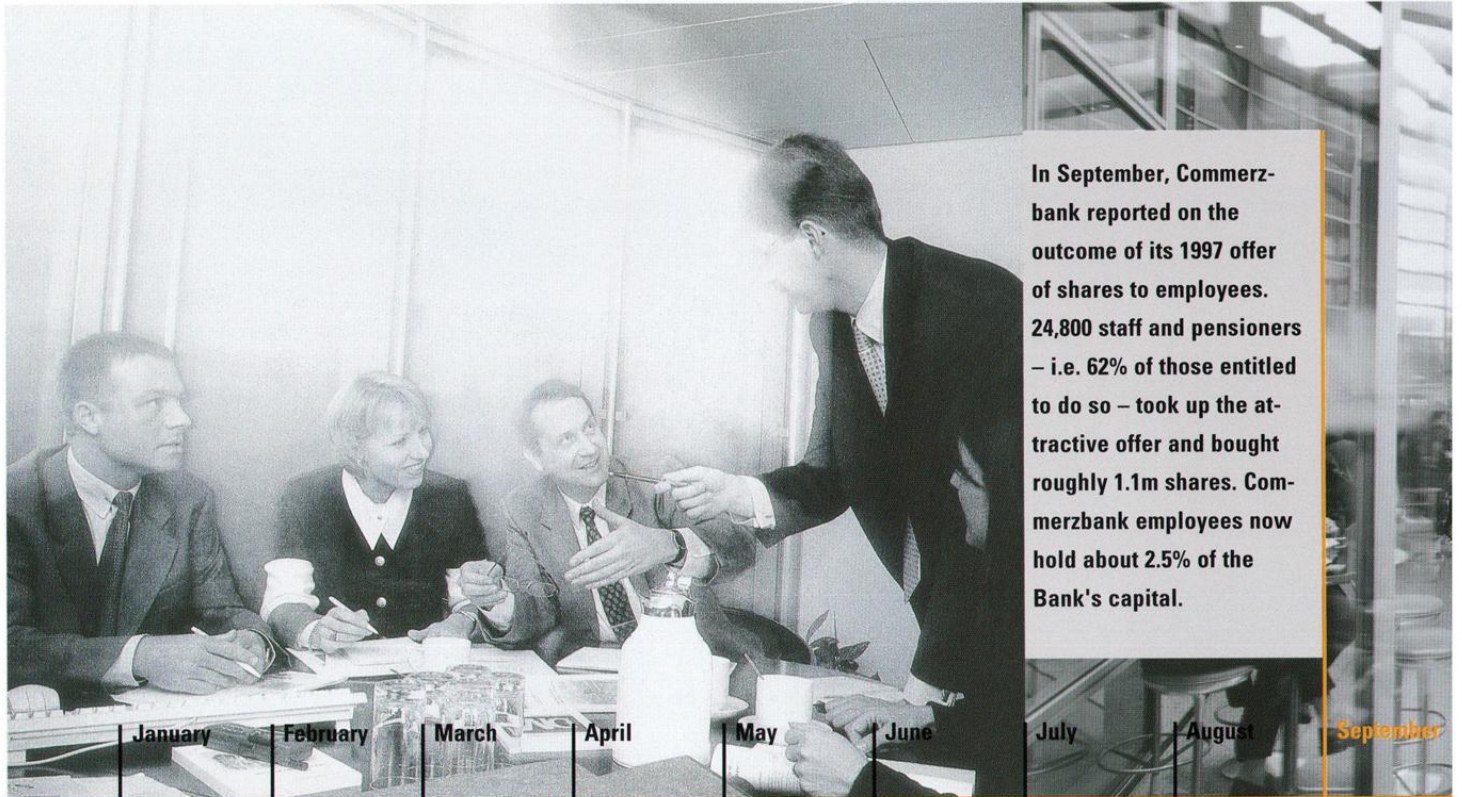
In the 1997 financial year, Commerzbank (Switzerland) in Zurich, which concentrates on portfolio management and investment advice, lifted its net income further by practically a fifth to Sfr28m. Its balance-sheet total expanded by 14% to Sfr1,145m. The bank expects to maintain its positive development in 1998 as well.

Investment banking in USA and Japan makes progress

Very marked differences characterized the environment for our investment banking activities in the USA and Japan. Whereas in America the equity and bond markets displayed a healthy condition, the crisis in South-East Asia caused the already difficult situation in Japan to deteriorate further. It is all the more remarkable, therefore, that our local subsidiary, Commerz Securities (Japan), had the most successful year since it was set up in 1987. Systematic additions to its product palette and growth in its stock of regular customers considerably boosted its commission income. ComSec sees major growth opportunities over the next few years as Japan's markets are further deregulated.

Commerzbank Capital Markets Corporation in New York expanded its existing position in both equity and bond transactions, as its healthy commission income reveals. For 1998, CCMC expects to further strengthen its presence in the North American market.





In September, Commerzbank reported on the outcome of its 1997 offer of shares to employees. 24,800 staff and pensioners – i.e. 62% of those entitled to do so – took up the attractive offer and bought roughly 1.1m shares. Commerzbank employees now hold about 2.5% of the Bank's capital.

January

February

March

April

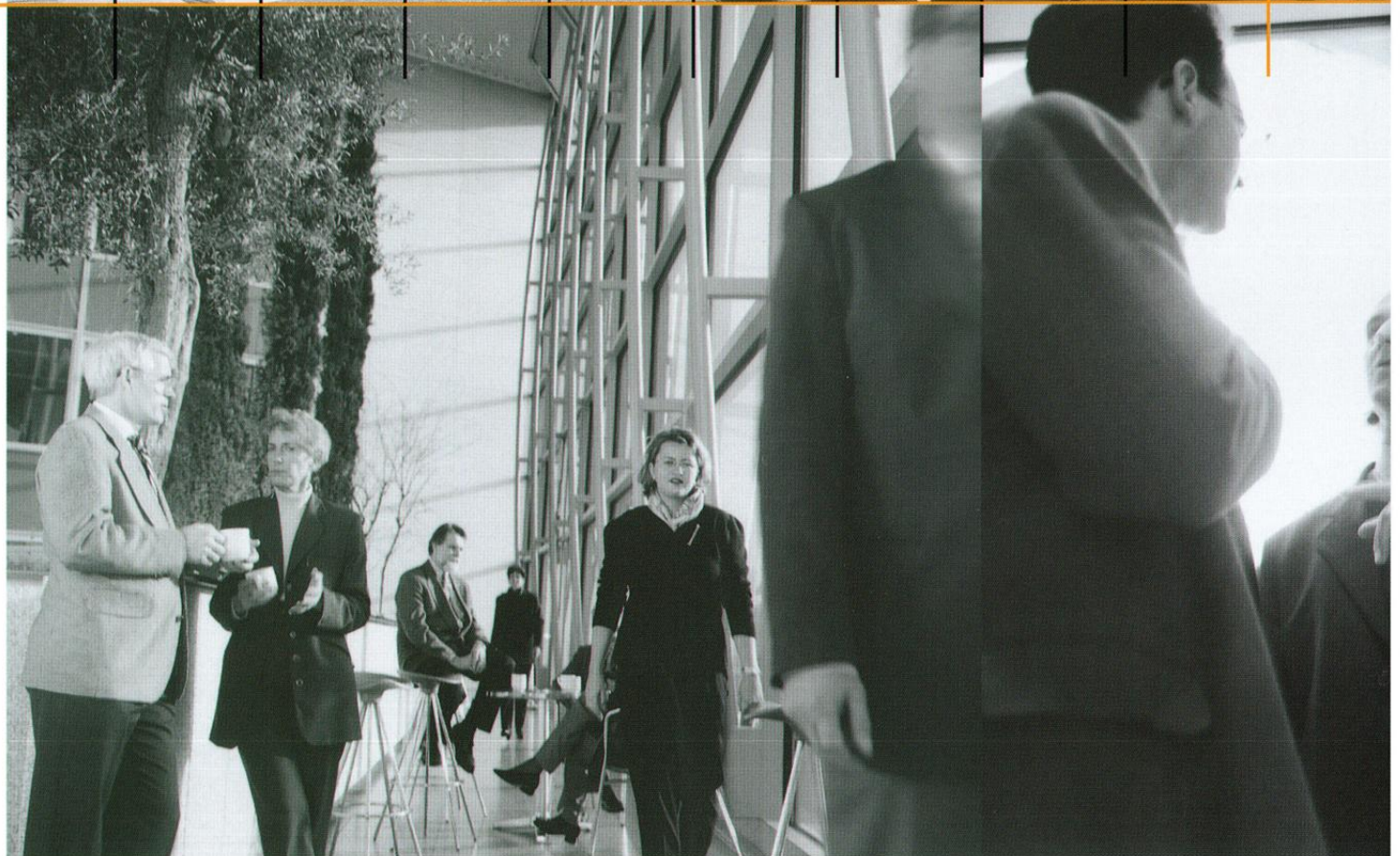
May

June

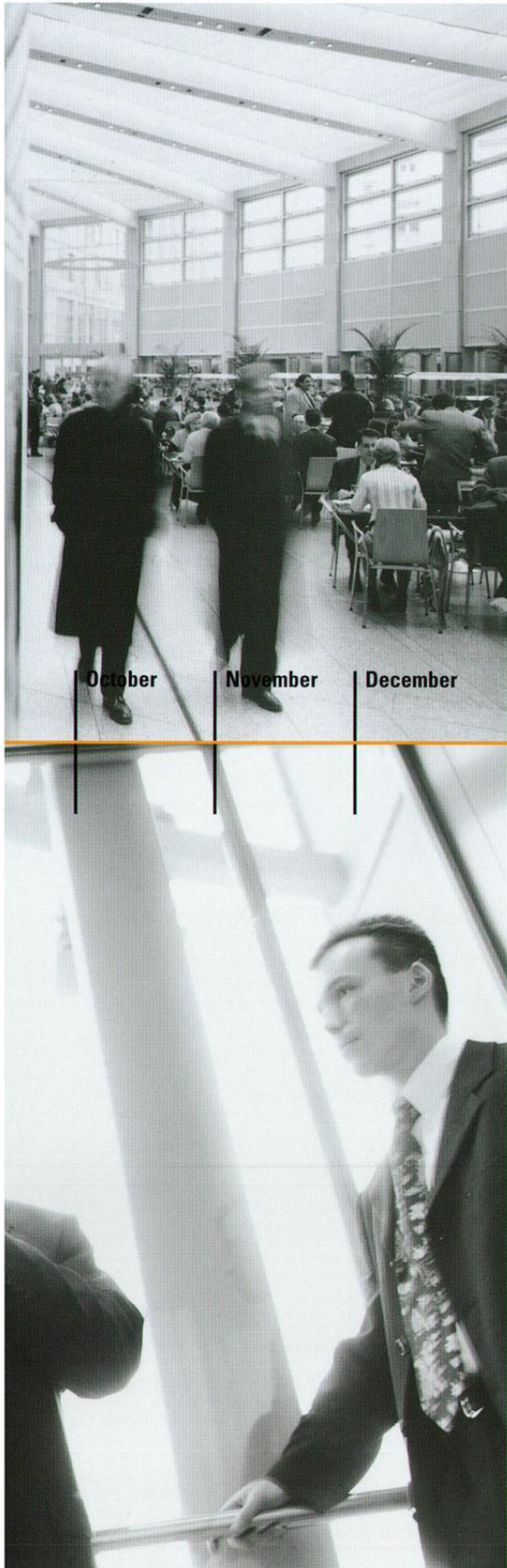
July

August

September



Staff and welfare report

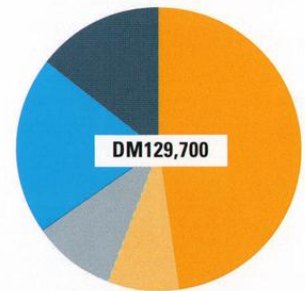


October November December

The Commerzbank Group's total workforce contracted last year, declining by 2.1% to 28,711. By streamlining operations, we reduced the number of jobs, especially in the domestic branch network. In investment banking and information technology, though, we created new positions. These contrasting trends will persist; overall, we plan an increase in the Group workforce of about 1,600 by end-1998. The Group's personnel expenditure climbed by 5.4% to DM3.7bn. The increase reflects above all the ever higher level of qualification of our staff and the recruitment of specialists in the market.

Average personnel costs at domestic branches

per employee



- Basic salary
- Wage-related costs for holiday pay, public holidays, sickness
- Special payments/bonuses
- Social-security contributions and other benefits
- Other personnel costs

Ever more international

A considerable part of the intake of new staff that was realized in 1997 and also planned for this year relates to our role in international markets; this means that our personnel work is becoming more international. Among other things, it is our objective to employ more locally-hired people in managerial positions at our foreign units. In addition, the managers of our outlets abroad are given far-reaching powers enabling them to attune their personnel work more closely to local conditions.

Effort to be rewarded

Last year, Commerzbank became one of the first German banks to introduce a variable system of remuneration geared to results and performance. Under this scheme, individual effort is made the central criterion of evaluation. The result achieved by a branch also counts: if the latter is successful, it receives a larger budget to distribute among its staff. In this way, we are promoting commercial and team-oriented thinking and actions. The process is certainly not perfect as yet; all the same, we have already realized one major objective: our employees are recognizing that effort is rewarded. As part of our annual offer of shares to our staff at a preferential price, we are enabling employees to benefit from last year's strong operating result in the form of bonus shares, thereby acknowledging their great dedication.

Managerial skills encouraged

In 1997 as well, we continued to improve management quality at Commerzbank by means of our management circles. Their success is underlined by the strong demand for those who have completed such a course

and also by the remarkable degree of acceptance they encounter in practice. In order to guarantee a high level of management quality throughout the Group, we are extending the system to staff employed abroad as from 1998. We shall begin with employees returning to Germany from a foreign posting.

Job-shedding remains an issue

Despite the sizeable increase in the Group's workforce planned for 1998, the steady rise in efficiency and consequently the shedding of jobs in some areas will be inevitable in the future as well. Up to now, we have ultimately been able to reduce our staff numbers without creating social hardship, primarily through natural labour turnover, but also by offering similar positions within the Group or through employees qualifying for more demanding positions. At the same time, we concluded early retirement and annulment agreements which were generous compared with those in other industries.

Another means of cutting jobs in a socially acceptable manner is provided by part-time work for older employees, which was approved by parliament at end-1996. This makes it possible to receive premature pension payments (from 60 onwards) and is open to all employees who have reached their 55th year and work on a full-time basis.

We are currently negotiating with Adecco Personaldienstleistungen Deutschland GmbH to present a further alternative for those whose workplace at Commerzbank cannot be guaranteed over the long term. We are planning to set up with Adecco a tem-



Our internet job ads primarily target applicants for information technology and investment banking. Information on the positions offered and on what we require of applicants mainly arouses the interest of university graduates.

Data on Commerzbank's personnel*)

	1996	1997	Change in %
Total staff (Group)¹⁾	29,334	28,711	-2.1
Permanent staff (Group)²⁾	25,993	25,563	-1.7
Total staff (Parent Bank)¹⁾	26,327	25,389	-3.6
– incl.: based abroad	1,374	1,483	7.9
– incl.: apprentices	1,681	1,594	-5.2
Permanent staff (Parent Bank)²⁾	23,118	22,353	-3.3
Ratio of apprentices to permanent staff³⁾	6.5%	6.0%	
Years of service			
– more than 10	46.3%	48.5%	
– more than 20	20.9%	21.5%	
Staff turnover⁴⁾	4.1%	4.7%	
Total pensioners and surviving dependents	8,161	8,484	4.0
– incl.: those retiring during the year	383	404	5.5
Total entering early retirement during the year	316	529	67.4

*) Full-time 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, long-term sick; 3) annual average; 4) due to staff giving notice.

porary employment company, with the aim of substantially improving the market chances of staff who leave the Bank.

All those affected by future job-shedding measures at Commerzbank are, upon request, to be made an offer of a limited-duration contract by this firm. Under their contract, they are entitled to further qualification measures. At present, the details are being discussed with the central staff council.

Cooperation with employee representatives

Structural change in banking, the ever keener competition and unabating technological progress confronted us with problems in the past year which we are tackling together with employee representatives and the senior staff spokesmen's committee. In many cases, we managed to find forward-looking and constructive solutions. We concluded, for instance, an internal agreement on advanced and further training, defining target groups, conditions for participation, test and selection procedures, while assuming great-

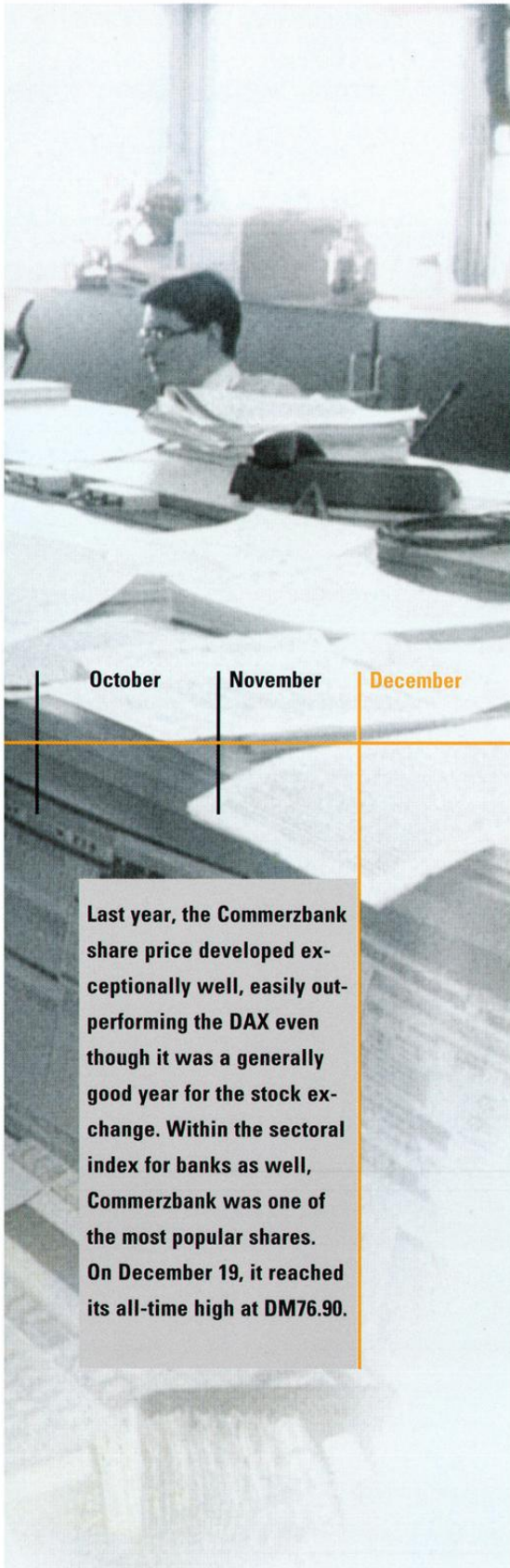
er self-reliance on the part of employees and also encouraging this. Teleworking, which is currently being tested in the form of a pilot project, is soon to become the subject of a further internal agreement.

By means of an announcement last September, the 1998 election to the Supervisory Board was set in motion. Ten employee representatives are to be elected – five white-collar employees, one senior staff member, one blue-collar employee and three union representatives. Following preliminary elections, the direct election itself will be held in April.

We should like to thank all our active staff as well as those employees who retired last year, all the employee representatives and the senior staff spokesmen's committee for their high degree of commitment and for the great efforts they put in last year.



Our share, strategy and outlook



We propose to the Annual General Meeting of Commerzbank that a dividend of DM1.50 per DM5 share be paid in respect of the 1997 financial year, compared with DM1.35 in the previous year. The overall dividend payout will thus rise even more strongly than the operating result, by almost 25% to DM673m. With the tax credit included, our shareholders in Germany will receive a gross dividend of DM2.14 per share. At over 3%, therefore, Commerzbank has the highest dividend yield of the major listed German banks.

October

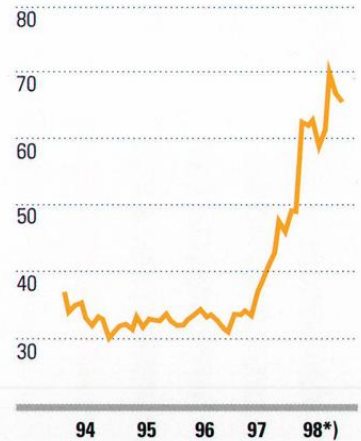
November

December

Last year, the Commerzbank share price developed exceptionally well, easily outperforming the DAX even though it was a generally good year for the stock exchange. Within the sectoral index for banks as well, Commerzbank was one of the most popular shares. On December 19, it reached its all-time high at DM76.90.

Performance of Commerzbank share

Month-end figures, in DM



*) January and February

Higher dividend reflects positive earnings expectations

The higher dividend documents our wish for shareholders to participate in the Bank's successful business performance. But it also reflects our confidence that earnings prospects will remain positive. The payout ratio for the past business year will be just over 50%. DM650m is being allocated to revenue reserves; these retained earnings and the improved equity base which they represent enable us to respond flexibly to growth opportunities.

Hefty rise in turnover of Commerzbank share

Last year, the Commerzbank share was one of the most liquid equities on German stock exchanges. In terms of turnover, it ranked tenth among DAX shares. With a volume of DM109.7bn, it accounted for 3.2% of the overall turnover in German equities. In addition, sizeable turnover was registered in the electronic trading systems (IBIS and XETRA) as well as option trading on Deutsche Terminbörse. In future, the twelve existing quotations of our share abroad are being reduced to listings in London, Tokyo, Switzerland and New York, where our American Depositary Receipts (ADRs) are quoted. This move reflects the current development in the international financial markets. Roughly 90% of all the buying and selling of Commerzbank shares occurs in Germany, with London basically accounting for the rest.

Commerzbank continues to be a company with a broad shareholder base. The latest survey shows that the number of our shareholders has risen considerably and is currently close to 270,000. Non-residents continue to hold a good 40% of our share capital.

Commerzbank share price up 81.3% in 1997

Our share price performed exceptionally well in 1997, and despite the generally good year for the stock exchange, it easily outperformed the DAX index, which climbed by 47.1%. For the year as a whole, the Commerzbank share registered a gain of 81.3%. Even within the index for banks, which rose by 78.3% in a year-on-year comparison, the Commerzbank share was one of the favourite shares.

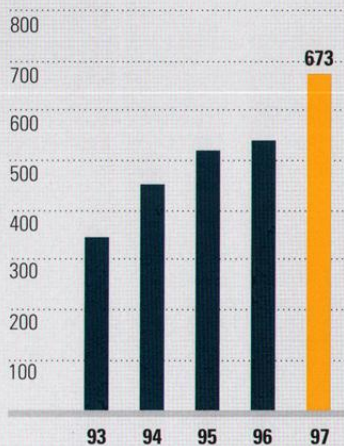
For one thing, this development reflects the speculation about possible mergers and takeovers which was strong in the banking sector last year. For another, this indicates the positive market appraisal of both our strategic position and long-term earnings potential. We expect that the sound fundamental data of our Bank will continue to ensure a positive development of our share price.

Open communication with investors further intensified

In 1997 as well, we set great store by communicating with analysts and investors, once again responding to the justifiable desire for greater transparency. We were successful in demonstrating the attractiveness of the Com-

Total dividend payout 1997 roughly a quarter higher

Parent Bank, in DM m



merzbank share as an investment option at both international equity conferences and our regular investor relations presentations at home and abroad.

In the past financial year and during the first few months of 1998, we have reached new circles of investors in Germany and worldwide through our policy of providing comprehensive information. We were highly successful in North America in particular, where increased activities enabled us to enlarge our circle of shareholders.

We are aware that the single currency area in Europe will cause keener competition not only in banking but also as regards investors. We are meeting this challenge in an open dialogue with existing and potential investors.

Strategic targets partly achieved

In the 1997 financial year, we realized most of our long-term targets for earnings and balance-sheet ratios. For one thing, we managed to reduce our cost/income ratio, which we wanted to bring down to about 60% by the year 2000, to 62.5% by end-1997. For another, the core capital ratio was raised from 5.2% in the previous year to our target level of 6.0%.

We still did not manage to achieve our third target, namely an after-tax return on equity of 15%. This was basically due to the substantial increase in risk provisioning in the final quarter of 1997, above all for our Asian operations. During the first nine months, we had almost attained our goal.

Another prime task in our view is to give Commerzbank a sharper profile as a national and international provider of financial services, thereby strengthening its position as one of Europe's leading universal banks. And we want to achieve an attractive return on capital for our shareholders.

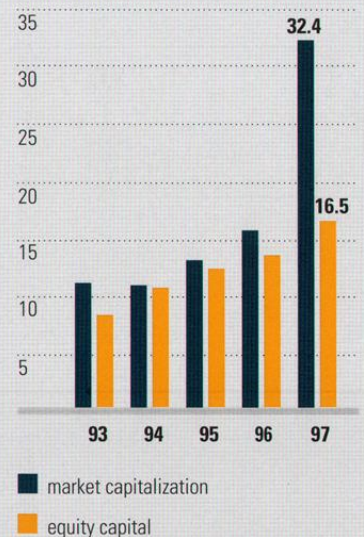
Judicious capital allocation the key to further success

At end-1997, DM7.0bn of the Bank's equity capital had been allocated to Domestic Branch Banking. By the year 2000, we plan to raise that capital to DM7.8bn. In order to explore opportunities arising from new business activities, we will make greater use in future of measures which do not require equity-capital backing, such as securitization and the placing of assets in the capital market.

Particularly in our branch business, we continue to focus on cost control. Now that our technical settlement has been concentrated on six domestic centres and our personnel administration has been streamlined, branches are able to give priority to operating as sales outlets. At the same time, we are tapping further profitability potential by selectively merging inner-city branches for the most part, while continuing to build up new sales channels.

Market capitalization 1997 more than doubled

Commerzbank Group, in DM bn



With the aid of computer-backed marketing measures, we are seeking to expand our market share in retail banking and also to strengthen our position as our customers' main bank. Once this catalogue of measures has been successfully implemented in the year 2000, we expect a return on equity of 12% in Domestic Branch Banking.

We continue to see strong growth opportunities in mortgage lending, where international business is becoming ever more important. As of end-1997, DM1.7bn of equity capital had been allocated to this segment. By the year 2000, we will have raised this equity to DM2.2bn and are aiming to achieve an after-tax return on capital of 20%.

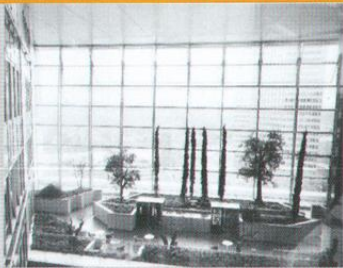
Despite the expansion of our international presence, our budgeting envisages an increase in the equity capital base of the International Finance division from DM4.0bn at end-1997 to no more than DM4.4bn in the year 2000. Here as well, securitization and the placing of credits will limit the future allocation of equity capital. In three years time, the after-tax return on equity should have reached 13%.

By end-1998, we will have substantially expanded our Investment Banking division. We are convinced that it is far more efficient in the long run to

develop our existing activities through organic growth than to purchase an investment bank. Our expansion is guided by customer orientation. For this reason, Investment Banking systematically builds upon our broad basis in commercial business.

Taking its already positive market position in Germany as a starting-point, Commerzbank will primarily consolidate its foothold in Continental Europe. However, success in investment banking crucially depends on the development of sales outlets in the major international financial centres. Expansion in this area will be reflected in more capital being tied up. The necessary investments in staff and technology will cause costs to rise more sharply this year. In our planning, we envisage a marked improvement in the earnings and cost ratios by 1999.

Asset management will probably fuel earnings in Investment Banking in the current year as well. This area, which was already very profitable in previous years, will receive a further boost from the integration of Montgomery Asset Management, backed up by extra sales opportunities of other units of the Group.



Our Group planning projects an after-tax return on equity of 31% for the corporate division Investment Banking by the year 2000.

If the above-mentioned returns are realized by the individual divisions and the expenses of Group Management are taken into account, the after-tax return on equity of the Commerzbank Group will stand at 15% in the year 2000. By that time, the Bank's overall equity base should have expanded to about DM18bn, mainly through allocations to reserves.

Positive earnings outlook for the 1998 financial year

In the first few weeks of the current year, a solid foundation was laid for another successful business year of the Commerzbank Group. Over the year as a whole, the increase in gross earnings will probably not match last

year's high growth rate. For proprietary trading, though, we assume a much higher profit level in view of the weak year-ago result in some areas. However, the volume of capital spending on staff and technology, particularly in the securities area, will bring about an increase in operating expenses that is likely to exceed that in the previous year. The cost/income ratio, therefore, will probably deviate temporarily from our medium-term target of 60%.

As the Asian crisis is overcome in the course of the year, provision for risks will be reduced substantially on the whole, especially since the credit standing of our domestic borrowers is steadily improving. All told, we expect an operating result for the 1998 financial year that maintains intact the positive tendency of the preceding years.

Key Commerzbank dates in 1998/99

May 29, 1998, 10.30 a.m.	AGM, Jahrhunderthalle Frankfurt am Main-Höchst
June 2, 1998	Dividend payment
End-July/early August 1998	Interim report as of June 30, 1998
November 11, 1998	Interim report as of September 30, 1998
November 19, 1998	DVFA analysts' conference
May 21, 1999	AGM, Jahrhunderthalle Frankfurt am Main-Höchst

Business progress

Business progress of Commerzbank Group 1968 – 1997*

	Business volume	Total lending	Customers' deposits	Taxes paid	Allocation to reserves from profit	Equity capital	Supplementary capital	Staff ¹⁾	Offices
	DM bn	DM bn	DM bn	DM m	DM m	DM m	DM m		
1968	16.7	10.6	12.9	64.9	31.5	676	–	14,689	691
1973	40.0	26.4	21.7	76.7	18.0	1,284	–	18,187	826
1978	88.6	57.6	39.2	247.3	99.5	2,370	–	20,982	875
1984	125.0	90.3	51.9	275.4	152.3	3,143	–	22,801	882
1985	139.6	94.4	54.8	321.6	175.0	3,435	425	24,154	882
1986	150.7	102.7	59.2	330.6	156.9	4,483	425	25,653	881
1987	163.9	109.0	65.6	328.5	175.6	4,653	425	26,640	882
1988	182.4	120.6	73.9	376.3	235.0	5,222	425	27,320	888
1989	193.8	126.5	85.0	493.7	281.0	5,867	705	27,631	897
1990	217.9	146.5	98.7	482.5	219.8	6,371	1,205	27,275	956
1991	229.0	157.9	111.8	541.0	234.9	6,689	1,704	28,226	973
1992	235.4	166.3	120.4	554.2	408.7	7,197	6,239	28,722	998
1993	287.8	181.3	133.3	607.9	281.5	8,273	7,764	28,241	1,006
1994	344.5	220.4	134.6	654.3	600.0	10,534	8,278	28,706	1,027
1995	407.0	260.3	143.2	214.0	400.0	12,316	8,891	29,615	1,060
1996	451.0	309.5	161.9	581.0	650.0	13,513	9,991	29,334	1,045
1997	520.1	358.0	184.3	752.0	650.0	16,496	11,015	28,711	1,044

Business progress of Parent Bank 1952 – 1997*

	Business volume	Total lending	Customers' deposits	Annual dividend	Total amount of dividend paid	Staff ¹⁾	Branches
	DM bn	DM bn	DM bn	DM per share ²⁾	DM m		
1952	2.3	1.3	1.6	–	–	4,812	108
1955	4.2	3.0	3.0	0.50	8.1	7,160	149
1960	7.0	4.5	5.8	0.80	28.8	9,465	266
1965	10.6	6.9	8.9	0.80	36.0	11,402	436
1970	20.2	13.8	14.7	0.85	59.5	15,441	719
1975	38.8	22.3	25.1	0.90	95.5	17,328	782
1980	66.9	45.5	36.5	–	–	19,023	805
1985	84.8	50.3	50.6	0.80	142.0	21,204	793
1986	93.2	55.1	53.9	0.90	186.8	22,539	792
1987	103.1	58.4	60.1	0.90	187.2	23,324	793
1988	117.1	67.9	68.7	0.90	203.5	23,793	795
1989	127.2	72.6	77.4	0.90	225.5	24,067	802
1990	147.3	84.2	87.5	1.00	257.3	24,362	849
1991	155.1	96.5	100.1	1.00	258.2	25,044	859
1992	176.5	111.5	108.2	1.00	262.0	27,017	946
1993	202.7	113.0	117.9	1.20	345.8	26,251	947
1994	241.2	129.6	114.6	1.20 + 0.15	452.1	26,641	964
1995	266.1	150.7	117.9	1.35	519.8	26,893	981
1996	283.9	173.6	131.9	1.35	540.3	26,327	964
1997	313.0	192.0	144.0	1.50	673.1	25,389	949

*) as from 1992 following new accounting principles; 1) as from 1990 based on new definition and calculated as full-time staff; 2) re-calculated on basis of a DM5 nominal share.

**Consolidated
balance sheet as of
December 31, 1997**

pages 48/49

**Consolidated profit
and loss account**

page 50

Consolidated balance sheet as of December 31, 1997

Assets (in DM m)			Dec. 31, 1996
Cash reserve			
a) cash on hand		1,343	1,391
b) balances with central banks		5,431	6,566
including: with Deutsche Bundesbank	5,339		
c) balances on postal giro accounts		<u>0</u>	<u>0</u>
			6,774
Debt issued by public-sector borrowers, and bills of exchange rediscountable at central banks			
a) treasury bills and discountable treasury notes, as well as similar debt issues by public-sector borrowers including: rediscountable at Deutsche Bundesbank	0	4,336	998
b) bills of exchange		<u>1,645</u>	<u>1,545</u>
including: rediscountable at Deutsche Bundesbank	1,639		5,981
			<u>2,543</u>
Claims on banks			
a) payable on demand		9,228	11,066
b) other claims		<u>79,500</u>	<u>80,858</u>
			88,728
Claims on customers			314,521
including: secured by mortgages on real estate communal loans	62,361 85,434		267,686
Bonds and other fixed-income securities			
a) money-market instruments			
aa) issued by public-sector borrowers		344	
ab) issued by other borrowers		<u>1,836</u>	4,152
b) bonds and notes		2,180	
ba) issued by public-sector borrowers		23,260	
bb) issued by other borrowers		<u>36,159</u>	41,177
including: eligible as collateral for Deutsche Bundesbank advances	26,752	59,419	
c) bonds and notes issued by Commerzbank Group nominal amount DM8,564m		<u>8,659</u>	<u>8,823</u>
			70,258
Shares and other variable-yield securities			9,898
Investments			2,271
including: in banks	759		2,152
Investments in associated companies			822
including: in banks	432		916
Holdings in affiliated companies			94
including: in banks	—		33
Assets held on a trust basis			1,007
including: loans at third-party risk	983		699
Recovery claims on federal and Länder authorities under post-war currency reform acts including bonds in exchange for the former			1,659
			192
Intangible assets			9
			13
Fixed assets			3,246
Bank's holding of its own shares nominal amount DM3m			42
			—
Other assets			8,464
			5,752
Deferred items			
a) unamortized debt discount (difference in accordance with Section 250 (3) of the German Commercial Code – HGB)		1,059	625
b) other deferred items		<u>1,896</u>	<u>1,574</u>
			2,955
			2,199
Deferred taxes			208
			—
		Total Assets	516,937
			448,003

Liabilities and Shareholders' Equity (in DM m)
Dec. 31,1996

Liabilities to banks			
a) payable on demand		21,584	21,477
b) with agreed periods or periods of notice		<u>77,525</u>	<u>78,524</u>
			99,109
Liabilities to customers			
a) savings deposits			
aa) with agreed period of notice of three months	16,468		
ab) with agreed period of notice of more than three months	2,431		
ac) home loan savings deposits	<u>2,614</u>	21,513	23,488
b) other liabilities			
ba) payable on demand	51,632		
bb) with agreed periods or periods of notice	<u>111,185</u>	<u>162,817</u>	<u>138,375</u>
			184,330
Securitized liabilities			
a) bonds and notes issued		156,118	120,219
b) other securitized liabilities		<u>33,956</u>	<u>29,736</u>
			190,074
including: ba) money-market instruments	32,721		
bb) own acceptances and promissory notes outstanding	<u>1,235</u>		
Liabilities on a trust basis			
including: loans at third-party risk	983		
			1,007
Other liabilities			
			6,350
Deferred items			
a) difference arising from consolidation in accordance with Section 340e (2), 2 of the German Commercial Code – HGB		1,284	837
b) other deferred items		<u>2,094</u>	<u>1,329</u>
			3,378
Provisions			
a) provisions for pensions and similar commitments		1,975	1,888
b) provisions for taxation		590	495
c) other provisions		<u>2,443</u>	<u>2,467</u>
			5,008
Special items with partial reserve character in accordance with Section 6b, German Income Tax Act – EStG			
			122
			121
Foundations			
			48
			27
Subordinated liabilities			
			7,279
Profit-sharing certificates outstanding			
including: maturing in less than two years	—		
			3,736
			3,817
Capital and reserves			
a) subscribed capital		2,320	2,001
unissued conditional capital DM368m (31.12.1996: DM379m)			
b) capital reserve		8,593	6,348
c) revenue reserves			
ca) legal reserve	6		6
cb) reserve for the Bank's own shares	42		—
cd) other revenue reserves	<u>4,183</u>		<u>4,000</u>
		4,231	
d) minority interests		679	618
e) consolidated profit		<u>673</u>	<u>540</u>
			16,496
			13,513
Total Liabilities and Shareholders' Equity		516,937	448,003
Contingent liabilities			
a) contingent liabilities from rediscounted bills of exchange credited to borrowers		3,175	2,970
b) liabilities from guarantees and indemnity agreements		41,026	35,866
Other commitments			
a) repurchase commitments arising from non-genuine securities repurchase agreements		15	—
b) placing and underwriting commitments		82	343
c) irrevocable lending commitments		79,137	56,919

Consolidated profit and loss account for the period from January 1 to December 31, 1997

in DM m			1996
Interest income from			
a) lending and money-market transactions	25,370		23,143
b) fixed-income securities and government-inscribed debt	<u>3,330</u>		<u>2,668</u>
		28,700	25,811
Interest paid		<u>-22,818</u>	<u>-20,279</u>
		5,882	5,532
Current income from			
a) shares and other variable-yield securities		566	202
b) investments (subsidiaries, associated companies, and trade investments)		506	133
c) holdings in affiliated companies		—	0
d) investments in associated companies		<u>39</u>	<u>72</u>
		1,111	407
Income from profit-pooling and from partial or full profit-transfer agreements			
		1	0
Commissions received		3,021	2,521
Commissions paid		<u>-228</u>	<u>-235</u>
		2,793	2,286
Net income from financial transactions			
		42	450
Other operating income			
		593	501
Income from the writing-back of special items with partial reserve character			
		120	1
General operating expenses			
a) personnel expenses			
aa) wages and salaries		-2,899	
ab) compulsory social-security contributions, expenses for pensions and other employee benefits		<u>-817</u>	<u>-3,526</u>
of which: for pensions	-357		
b) other administrative expenses		<u>-1,951</u>	<u>-1,667</u>
		-5,667	-5,193
Depreciation on and value adjustments to intangible and fixed assets			
		-515	-469
Other operating expenses			
		-532	-439
Write-downs of and value adjustments to claims and certain securities, and additions to provisions for possible loan losses			
		-3,544	-2,875
Income from write-ups to claims and certain securities, and also from the writing-back of provisions for possible loan losses			
		<u>1,994</u>	<u>1,659</u>
		-1,550	-1,216
Write-downs of and value adjustments to investments, holdings in affiliated companies and securities treated as fixed assets			
		-81	-64
Income from additions to investments, holdings in affiliated companies and securities treated as fixed assets			
		<u>35</u>	<u>8</u>
		-46	-56
Charges for losses assumed under profit-and-loss transfer agreements			
		-1	0
Allocations to special items with partial reserve character			
		-121	0
Result arising from normal business activity			
		2,110	1,804
Extraordinary expenses			
		<u>-20</u>	<u>-9</u>
Extraordinary result			
		-20	-9
Taxes on income			
		-694	-479
Other taxes unless already shown under "Other operating expenses"			
		<u>-58</u>	<u>-102</u>
		-752	-581
Net income for the year			
		1,338	1,214
Withdrawals from revenue reserves			
d) from other revenue reserves			
		42	—
Allocations to revenue reserves			
b) to reserve for the Bank's own shares		-42	—
d) to other revenue reserves		<u>-650</u>	<u>-650</u>
		-692	-650
Profit attributable to minority interests			
		-62	-62
Loss attributable to minority interests			
		47	38
Distributable profit			
		673	540

**Balance sheet
(Parent Bank)
as of December 31, 1997**

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**Profit and loss account
(Parent Bank)**

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Parent Bank's balance sheet as of December 31, 1997

Assets (in DM m)	Dec. 31, 1996		
Cash reserve			
a) cash on hand		1,324	1,377
b) balances with central banks		<u>5,351</u>	<u>6,484</u>
including: with Deutsche Bundesbank	5,286		6,675
Debt issued by public-sector borrowers, and bills of exchange rediscountable at central banks			
a) treasury bills and discountable treasury notes, as well as similar debt issues by public-sector borrowers		3,961	798
including: rediscountable at Deutsche Bundesbank	0		
b) bills of exchange		<u>1,643</u>	<u>1,541</u>
including: rediscountable at Deutsche Bundesbank	1,637		5,604
Claims on banks			
a) payable on demand		11,301	16,228
b) other claims		<u>48,603</u>	<u>45,934</u>
			59,904
Claims on customers			177,975
including: secured by mortgages on real estate communal loans	27,817 8,429		160,128
Bonds and other fixed-income securities			
a) money-market instruments			
aa) issued by public-sector borrowers		92	
ab) issued by other borrowers		<u>742</u>	1,006
b) bonds and notes			
ba) issued by public-sector borrowers		11,981	
bb) issued by other borrowers		<u>25,204</u>	33,256
including: eligible as collateral for Deutsche Bundesbank advances	21,057	37,185	
c) bonds and notes issued by Commerzbank nominal amount DM56m		<u>56</u>	52
			38,075
Shares and other variable-yield securities			5,204
Subsidiaries, associated companies, and trade investments (investments)			2,292
including: investments in banks	776		2,015
Holdings in affiliated companies			5,600
including: in banks	3,900		4,012
Assets held on a trust basis			599
including: loans at third-party risk	599		103
Recovery claims on federal and Länder authorities under post-war currency reform acts including bonds in exchange for the former			945
			172
Fixed assets			1,985
Bank's holding of its own shares nominal amount DM3m			42
			—
Other assets			4,107
			2,204
Deferred items			
a) difference arising from consolidation in accordance with Section 250 (3) of the German Commercial Code – HGB		230	272
b) other deferred items		<u>486</u>	<u>433</u>
			716
			705
Deferred taxes in accordance with Section 274 (2) of the German Commercial Code – HGB			84
			—
Total Assets		309,807	280,960

Liabilities and Shareholders' Equity (in DM m)
Dec. 31, 1996

Liabilities to banks			
a) payable on demand		17,408	18,987
b) with agreed periods or periods of notice		<u>72,244</u>	<u>68,243</u>
			89,652
Liabilities to customers			
a) savings deposits			
aa) with agreed period of notice of three months	16,372		
ab) with agreed period of notice of more than three months	<u>2,417</u>	18,789	20,866
b) other liabilities			
ba) payable on demand	37,970		
bb) with agreed periods or periods of notice	<u>87,197</u>	<u>125,167</u>	<u>111,020</u>
			143,956
Securitized liabilities			
a) bonds and notes issued		15,631	12,672
b) other securitized liabilities		<u>28,375</u>	<u>23,470</u>
			44,006
including: ba) money-market instruments	27,153		
bb) own acceptances and promissory notes outstanding	<u>1,222</u>		
			599
Liabilities on a trust basis			
including: loans at third-party risk	599		103
Other liabilities			2,672
Deferred items			
a) difference arising from consolidation in accordance with Section 340e (2), 2 of the German Commercial Code – HGB		600	665
b) other deferred items		<u>520</u>	<u>221</u>
			1,120
Provisions			
a) provisions for pensions and similar commitments		1,832	1,752
b) provisions for taxation		263	158
c) other provisions		<u>1,785</u>	<u>1,455</u>
			3,880
Special items with partial reserve character in accordance with Section 6b, German Income Tax Act – EStG			120
Commerzbank Foundation			43
Subordinated liabilities			5,877
Profit-sharing certificates outstanding			3,012
including: maturing in less than two years	—		3,242
Fund for general banking risks			200
Capital and reserves			
a) subscribed capital		2,320	2,001
unissued conditional capital DM368m (31.12.1996: DM379m)			
b) capital reserve		8,593	6,348
c) revenue reserves			
ca) legal reserve	6		6
cb) reserve for the Bank's own shares	42		—
cd) other revenue reserves	<u>3,036</u>		<u>2,429</u>
		3,084	
d) distributable profit		<u>673</u>	<u>540</u>
			14,670
Total Liabilities and Shareholders' Equity			309,807
			280,960
Contingent liabilities			
a) contingent liabilities from rediscounted bills of exchange credited to borrowers		3,168	2,964
b) liabilities from guarantees and indemnity agreements		40,096	35,846
Other commitments			
c) irrevocable lending commitments		66,991	46,379

Parent Bank's profit and loss account for the period from January 1 to December 31, 1997

in DM m			1996
Interest income from			
a) lending and money-market transactions	13,972		13,254
b) fixed-income securities and government-inscribed debt	<u>1,669</u>		<u>1,469</u>
		15,641	14,723
Interest paid		<u>-11,086</u>	<u>-10,469</u>
			4,555
Current income from			
a) shares and other variable-yield securities		457	135
b) investments (subsidiaries, associated companies, and trade investments)		480	160
c) holdings in affiliated companies		<u>817</u>	<u>568</u>
			1,754
Income from profit-pooling and from partial or full profit-transfer agreements			41
			37
Commissions received		2,410	1,986
Commissions paid		<u>-94</u>	<u>-80</u>
			2,316
			1,906
Net income from financial transactions			-53
			195
Other operating income			156
			141
Income from the writing-back of special items with partial reserve character			120
			—
General operating expenses			
a) personnel expenses			
aa) wages and salaries	-2,449		-2,354
ab) compulsory social-security contributions, expenses for pensions and other employee benefits	<u>-731</u>		<u>-704</u>
		-3,180	-3,058
of which: for pensions	-327		
b) other administrative expenses		<u>-1,680</u>	<u>-1,480</u>
			-4,860
			-4,538
Depreciation on and value adjustments to intangible and fixed assets			-407
			-372
Other operating expenses			-112
			-79
Write-downs of and value adjustments to claims and certain securities, and additions to provisions for possible loan losses		-2,952	-2,500
Allocation to fund for general banking risks		-200	—
Income from write-ups to claims and certain securities, and also from the writing-back of provisions for possible loan losses		<u>1,734</u>	<u>1,326</u>
			-1,418
			-1,174
Write-downs of and value adjustments to investments, holdings in affiliated companies and securities treated as fixed assets		-70	-93
Income from additions to investments, holdings in affiliated companies and securities treated as fixed assets		<u>34</u>	<u>3</u>
			-36
			-90
Charges for losses assumed under profit-and-loss transfer agreements			-35
			-53
Allocations to special items with partial reserve character			-120
			—
Result arising from normal business activity			1,901
			1,090
Extraordinary expenses		-20	—
Extraordinary result			-20
			—
Taxes on income		-524	-293
Other taxes unless already shown under "Other operating expenses"		<u>-34</u>	<u>-57</u>
			-558
			-350
Net income for the year			1,323
			740
Withdrawals from revenue reserves			
d) from other revenue reserves			42
			—
Allocations to revenue reserves			
b) to reserve for the Bank's own shares		-42	—
d) to other revenue reserves		<u>-650</u>	<u>-200</u>
			-692
			-200
Distributable profit			673
			540

Accounting and valuation methods

The annual accounts and financial statement for both the Commerzbank Group and the Parent Bank are drawn up in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG) and also in accordance with the regulation for the presentation of the annual accounts of German banks.

As we will present our consolidated accounts according to International Accounting Standards (IAS) in the future, we have added extra information and in some cases used different types of presentation for reasons of transparency. For the first time, we are publishing a cash flow statement, a breakdown of various items by their remaining life to maturity, and our own-account results on an IAS basis. The reporting by segment on geographical markets has been extended and the development of equity capital items has been presented in more transparent form.

We have presented information of major significance on the Group's mortgage lending and home loan savings business separately in these Notes.

Fixed assets are capitalized at cost and depreciated to reflect their probable useful economic lives. In this connection, we consult the depreciation-rate tables published by the fiscal authorities. Extraordinary depreciation and write-offs are effected in the case of permanent declines in the economic usefulness of fixed assets. Minor-value items are written off immediately in the year of purchase. Special depreciation allowances and higher depreciations for wear and tear that are permissible under tax legislation are included in the legally prescribed financial statements; their influence on the overall result is insignificant.

The lower-of-cost-or-market principle is applied strictly in valuing claims and securities classified

as current assets, whereby claims appear at their face value pursuant to Section 340e of the German Commercial Code. The difference between the amount actually paid out and the face value is shown as a deferred item. We fully provide for the particular risks associated with banking business by making individual value adjustments, value adjustments for individual countries and global value adjustments, and by forming loan-loss reserves pursuant to Section 340f of the German Commercial Code at the Parent Bank and within the Group, as well as by setting up a fund for general banking risks at the Parent Bank pursuant to Section 340g of the German Commercial Code.

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 is shown under Deferred items. For uncertain liabilities, provisions are made to cover the expected amount. Provisions for pension commitments are formed on the scale permitted under Section 6a of the German Income Tax Act (EStG) and comparable regulations abroad.

Deferred taxes are formed on differences between the commercial and the taxable results of the companies included and also on inclusions in the consolidation which affect the profit and loss account, insofar as the difference in taxes paid is likely to be reversed in subsequent year. The deferred taxes are formed to reflect the probable tax burden or tax relief in subsequent financial years; positive and negative amounts are set off against one another.

When providing for possible risks, we have not made use of the possibility of setting off all expense and income items against one another (cross-compensation) pursuant to Section 340f of the German Commercial Code. All the realized expenses and income from claims and securities held for liquidity purposes, write-downs and write-ups on claims, write-downs on securities held for liquidity purposes, as well as expenses and income from the formation and writ-

ing-back of provisions for possible loan losses, are shown as gross amounts.

As a matter of principle, financial derivatives (swaps, forward rate agreements, financial futures and options) are valued individually at their market price, in accordance with both the realization and the imparity principle. To the extent permitted, separate groups of valuation items are formed in order to cover balance-sheet items and expenses and income, as well as in the Bank's own-account trading activities.

For a calculation of the Bank's own-account trading results, we set off the results of the valuation of each underlying risk in previously defined and documented portfolios against each other. The principle on which such offsetting is based is that risks from individual transactions are covered by corresponding hedging transactions. In accordance with the imparity principle, a positive balance is not taken into account, while a provision is formed for a negative balance.

The net result for investments also includes the realized gains or losses deriving from the disposal of investments. In the case of this item, expenses and income, and also the comparable year-ago figures, are shown as gross amounts.

Items in the balance sheet and the profit and loss account which are denominated in foreign currencies, as well as pending spot foreign-exchange transactions, are translated at the spot rate; pending forward foreign-exchange transactions are translated at the forward rate on the balance-sheet date into the respective currency used for accounting purposes. Currency translations for investments and holdings denominated in foreign currencies and interests in affiliated companies are effected at the rate prevailing on the date of purchase. Insofar as the annual accounts of our units abroad are drawn up in foreign currencies, they are translated into D-marks at the spot rate of the balance-sheet date.

Differences arising from currency translation appear in the profit and loss account, with both the lower-of-cost-or-market principle and the imparity principle being applied. This has the following consequences:

The gains and losses deriving from the translation of balance-sheet items are shown in the profit and loss account. The differences in interest rates between currencies resulting from the hedging of balance-sheet items are recognized on a pro-rata basis under net interest income. Hedged expense and income items are translated at the contractual forward rate.

Pursuant to Section 340h (2), of the German Commercial Code, gains and losses resulting from the valuation of individual items in authentic currency futures and currency options trading appear in the profit and loss account, insofar as the foreign-exchange transactions have been specifically covered by offsetting transactions and the overall position is closed. In accordance with the imparity principle, gains registered for open positions are not recognized. In view of the high turnover rate for the Bank's foreign-currency holdings, open positions arise very close to the balance-sheet date. The valuation of these open positions is not included in the results.

In swap arbitrage, the income and expenses arising from swaps are recognized on a pro-rata basis, residual amounts being valued for each foreign currency. Provisions are formed for any net expenses which emerge, while net income items are not taken into account. Spot-rate differences as well as swap-related accruals and deferrals from forward transactions for swap arbitrage purposes are recognized and shown as a net item under Other assets or Other liabilities.

Valuations in connection with pending spot transactions are treated in the same way as the residual amounts deriving from swap arbitrage transactions.

Fully consolidated subsidiaries and those consolidated on a pro-rata basis are included in the Group's annual accounts in accordance with the book-value method, pursuant to Section 301 (1), 1 of the German Commercial Code, using as a basis their valuation at the time they were first consolidated.

Investments in associated companies are included in the Group's annual accounts such that the share of their capital held is reflected, in accordance with Section 312 (1), 2 of the German Commercial Code. The valuation of investments and the differences arising from consolidation or goodwill are calculated on the basis of the first consolidation of the companies in question.

Insofar as differences or goodwill cannot be assigned to the value of the assets and debts of consolidated and associated companies, they are charged to Other revenue reserves in the Group's balance sheet or, insofar as they have been classified as retained profits from former years, they are allocated to these reserves.

The assets and debts of the companies included in the consolidation are computed in accordance with the accounting and valuation methods which are valid for the Parent Bank. With regard to associated companies, we have adopted their accounting and valuation procedures in order to calculate the pro-rata share of their equity capital held by Commerzbank.

Intra-Group book gains registered during the 1996 business year have been eliminated. In view of the disproportionately high expense or effort involved, such gains have not been eliminated in the case of own-account trading transactions.

Notes on the balance sheet and profit and loss account

Maturity pattern of selected balance-sheet items, by remaining life

in DM m	Group	Parent Bank
Claims on banks		
b) other claims	79,500	48,603
of which: with a remaining life of		
less than three months	40,808	37,214
more than three months, but less than one year	12,205	6,534
more than one year, but less than five years	16,508	3,189
five years or more	9,979	1,666
Claims on customers	314,521	177,975
with indefinite maturity	18,085	16,477
with a remaining life of		
less than three months	65,384	53,080
more than three months, but less than one year	22,250	14,982
more than one year, but less than five years	65,309	33,800
five years or more	143,493	59,636
Bonds, notes and other fixed-income securities	70,258	38,075
of which: falling due in the 1998 financial year	10,200	3,383
Liabilities to banks		
b) with agreed periods or periods of notice	77,525	72,244
of which: with a remaining life of		
less than three months	36,815	38,400
more than three months, but less than one year	14,796	11,740
more than one year, but less than five years	17,020	15,567
five years or more	8,894	6,537
Liabilities to customers		
a) savings deposits		
ab) with agreed period of notice of more than three months	2,431	2,417
of which: with a remaining life of		
less than three months	245	245
more than three months, but less than one year	674	660
more than one year, but less than five years	784	784
five years or more	728	728
b) other liabilities		
bb) with agreed maturity or period of notice	111,185	87,197
of which: with a remaining life of		
less than three months	68,287	69,198
more than three months, but less than one year	8,485	6,092
more than one year, but less than five years	15,906	8,783
five years or more	18,507	3,124
Securitized liabilities		
a) bonds and notes issued	156,118	15,631
of which: falling due in the 1998 financial year	26,264	5,009
b) other securitized liabilities	33,956	28,375
of which: with a remaining life of		
less than three months	25,464	23,316
more than three months, but less than one year	8,492	5,059
more than one year, but less than five years	—	—
five years or more	—	—

Notes on the Bank's Annual Accounts

Maturity pattern of selected balance-sheet items, by original maturity

in DM m	Group	Parent Bank
Other claims on banks	79,500	48,603
of which: with originally agreed periods or periods of notice of		
less than three months	24,103	21,144
at least three months, but less than four years	32,363	22,763
four years or more	23,034	4,696
Claims on customers	314,521	177,975
of which: with originally agreed periods or periods of notice of		
less than four years	104,876	86,050
four years or more	209,645	91,925
Bonds and notes issued by public-sector borrowers	23,260	11,981
of which: with original periods of		
less than four years	2,085	1,428
four years or more	21,175	10,553
Bonds and notes issued by other borrowers	36,159	25,204
of which: with original periods of		
less than four years	6,896	5,520
four years or more	29,263	19,684
Liabilities to banks		
of which: with originally agreed periods or periods of notice of		
less than three months	77,525	72,244
at least three months, but less than four years	37,504	28,490
four years or more	25,646	18,885
including: due in less than four years	14,375	24,869
	5,369	14,794
Other liabilities to customers		
of which: with originally agreed periods or periods of notice of		
less than three months	111,185	87,197
at least three months, but less than four years	58,477	55,472
four years or more	21,423	19,887
including: due in less than four years	31,285	11,838
	9,989	8,240
Securitized liabilities	190,074	44,006
of which: with original periods of		
less than four years	84,475	35,805
four years or more	105,599	8,201
including: due in less than four years	56,182	5,304

The Bank's foreign-currency position

in DM m	Group	Parent Bank
Assets		
Cash reserve	90	69
Debt issued by public-sector borrowers	4,197	3,982
Claims on banks	37,895	33,647
Claims on Customers	55,667	44,691
Bonds and other fixed-income securities	25,549	12,313
Other assets	8,920	3,853
Total	132,318	98,555
Liabilities		
Liabilities to banks	52,472	44,707
Liabilities to customers	27,458	31,060
Securitized liabilities	53,151	25,496
Other liabilities	13,152	7,379
Total	146,233	108,642

Subordinated assets

in DM m	Group	Parent Bank
Other claims on banks	79,500	48,603
including: subordinated items	-	228
Claims on customers	314,521	177,975
including: subordinated items	161	161
Bonds and notes issued		
by other borrowers	36,159	25,204
including: subordinated items	325	325
Shares and other variable-yield securities	9,898	5,204
including: subordinated items	470	479

Notes on the Bank's Annual Accounts

Financial relations with affiliated companies and other equity investments

in DM m	Group				Parent Bank			
	Affiliated companies	Previous year	Equity investments	Previous year	Affiliated companies	Previous year	Equity investments	Previous year
Claims on banks	–	–	551	–	13,086	13,422	550	–
Claims on customers	83	58	979	1,283	11,302	4,219	351	604
Bonds, notes and other fixed-income securities	–	–	–	43	2,575	3,679	–	–
Liabilities to banks	–	–	108	22	18,180	17,333	108	22
Liabilities to customers	23	29	494	54	9,539	7,048	483	51
Subordinated liabilities	–	–	–	–	758	658	–	–

Breakdown by balance-sheet item of trust transactions at third-party risk

in DM m	Group	Parent Bank
Claims on customers	983	599
Investments	24	–
Assets on a trust basis at third-party risk	1,007	599
Liabilities to banks	261	260
Liabilities to customers	746	339
Liabilities on a trust basis at third-party risk	1,007	599

Other assets

in DM m	Group
Premiums for options, caps, floors and collars	3,929
Deferred items for foreign-currency trading, interest-rate futures and securities transactions	1,755
Claims on tax authorities	979
Leased items	565
Advance payments	506
Collection items	214
Other items	516
Total	8,464

Leasing business (Group)

(as reflected in individual items)

in DM m	
Balance sheet	
Other assets	565
Liabilities to banks	84
Liabilities to customers	2
Deferred items (liabilities side)	316
Profit and loss account	
Other operating expenses	87
Other operating income	87

From the management of roughly 500 property-leasing companies outside the Commerzbank Group, with a leasing contract volume of about DM25bn at acquisition cost, the Commerz-Leasing sub-group registered gross earnings of DM87m before personnel and other expenses and provision for risks in 1997.

Other liabilities

in DM m	Group
Premiums for options, caps, floors and collars	5,073
Interest payments for profit-sharing certificates	287
Taxes and social-security contributions	264
Interest payments for subordinated liabilities	235
Advance payments received	108
Other items	383
Total	6,350

Notes on the Bank's Annual Accounts

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

in DM m

	Intangible assets	Fixed assets total	including land and buildings for the Bank's own use	including office furniture and equipment	Financial investments investments	investments in associated companies	investments in affiliated companies
Acquisition and production costs	24	4,672	1,327	3,232	2,288	916	33
Additions 1997	2	743	83	657	467	141	61
Disposals 1997	6	323	127	190	405	43	-
Transfers 1997	-	-	-	-	30	-138	-
Write-ups 1997	-	-	-	-	33	-	-
Total write-downs	11	1,846	162	1,668	142	54	-
Net book value Dec. 31, 1997	9	3,246	1,121	2,031	2,271	822	94
Net book value Dec. 31, 1996	13	3,152	1,180	1,867	2,152	916	33
Write-downs 1997	2	513	31	480	27	54	-
Write-downs 1996	2	467	-	-	64	-	-

Changes in book value of fixed assets and investments (Parent Bank)

in DM m

	Fixed assets total	including land and buildings for the Bank's own use	including office furniture and equipment	Financial investments investments	investments in affiliated companies
Acquisition and production costs	2,978	96	2,818	2,147	4,012
Additions 1997	543	4	537	584	1,881
Disposals 1997	114	2	111	169	404
Transfers 1997	-	-	-	-107	107
Write-ups 1997	-	-	-	33	4
Total write-downs	1,422	26	1,390	196	-
Net book value Dec. 31, 1997	1,985	72	1,854	2,292	5,600
Net book value Dec. 31, 1996	1,832	71	1,702	2,015	4,012
Write-downs 1997	407	1	404	64	-
Write-downs 1996	372	-	-	94	-

Notes on the Bank's Annual Accounts

Securities and investments

in DM m

	Bonds, notes and other fixed-income securities	Shares and other variable-yield securities	Investments	Investments in associated companies	Investments in affiliated companies
Group					
Trading and liquidity portfolio	70,258	9,898	2,271	822	94
negotiable on a stock exchange	70,258	7,625	1,253	652	–
listed on a stock exchange	60,762	7,585	743	286	–
of which: trading portfolio	27,302	5,597	–	–	–
negotiable on a stock exchange	27,302	5,548	–	–	–
listed on a stock exchange	26,068	5,528	–	–	–
of which: liquidity portfolio	42,956	4,301	–	–	–
negotiable on a stock exchange	42,956	2,077	–	–	–
listed on a stock exchange	34,694	2,057	–	–	–
Parent Bank					
Trading and liquidity portfolio	38,075	5,204	2,292	–	5,600
negotiable on a stock exchange	38,075	4,035	1,502	–	3,602
listed on a stock exchange	36,566	4,029	540	–	566

On the balance-sheet date, Group assets with a book value of DM10,747m (Parent Bank: DM9,447m) were pledged as collateral under sale and repurchase agreements. Basically

these were genuine sale and repurchase agreements to raise short-term funds with other banks and open-market transactions conducted by the Bundesbank.

Other provisions

in DM m	Group
Lending business	602
Personnel expenses	540
Financial innovations	306
Bonus for savings deposits	260
Legal proceedings and claims of recourse	142
Miscellaneous	593
Total	2,443

Commerzbank shares held by the Group

	Number of shares*)	Nominal amount in DM1,000	Percentage of share capital
Total number held at year-end	622,463	3,112,315	0.13
Highest number bought during business year	3,003,376	15,016,880	0.65
Commerzbank shares pledged to the Bank by customers, at year-end	8,250,304	41,251,520	1.78
Commerzbank shares bought during business year	74,788,421	373,942,105	—
Commerzbank shares sold during business year	74,165,958	370,829,790	—

*) DM5 nominal.

Purchases and sales, effected at current prices throughout the year, served to ensure orderly market conditions for trading in Commerzbank shares. The average buying price was

DM57,36, the average resale price DM57,10. The shares still in our portfolio at year-end were purchased in October 1997.

Subordinated liabilities

In the year under review, the Group's interest expenditure totalled DM565m (Parent Bank: DM427m).

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. Such liabilities serve to reinforce the Bank's liable equity capital, in accordance with the provisions of the German Banking Act – KWG.

Convertible bonds and similar securities outstanding

Year of issue	Nominal amount	Issuer	Interest payment	Maturity date	Special terms of issue
1993	DM200m	Commerzbank Overseas Finance N.V.	6.75%	11. 3. 1998	with option rights attached for subscription to Commerzbank AG shares
1995	DM100m	Commerzbank Overseas Finance N.V.	6.75%	20. 4. 2000	with option rights attached for subscription to Commerzbank AG shares

Notes on the Bank's Annual Accounts

Profit-sharing certificates outstanding within the Commerzbank Group

Year of issue	Nominal amount	Issuer	Interest payment	Maturity date	Special terms of issue
1989	DM80m	former Berliner Commerzbank AG	8.00%	1999	
1989	DM200m	RHEINHYP Rheinische Hypotheken- bank AG, Frankfurt	8.00%	1999	RHEINHYP has the right to call on Dec. 31, 1994 at the earliest, giving at least 2 years' notice
1990	DM500m -DM168m (converted 1991-1996) -DM229m (converted 1997) DM103m	Commerzbank AG	6.00%	2000	Additional interest payment linked to dividend, right of conversion into Commerzbank AG shares
1991	DM500m	Commerzbank AG	9.50%	2003	With option rights attached for subscription to Commerzbank shares
1992	DM30m	former Berliner Commerzbank AG	9.25%	2001	
1992	DM500m	Commerzbank AG	9.15%	2004	
1992	DM210m	RHEINHYP Rheinische Hypotheken- bank AG, Frankfurt	9.00%	2004	RHEINHYP has the right to call on Dec. 31, 1997 at the earliest, giving at least 2 years' notice
1992	DM30m	Deutsche Schiffsbank AG, Bremen/Hamburg	10.00%	2005	
1992	DM20m	Hypothekenbank in Essen AG	8.40%	2002	
1992	DM10m	Hypothekenbank in Essen AG	9.15%	2004	
1993	DM800m	Commerzbank AG	7.25%	2005	With option rights attached for subscription to Commerzbank shares
1993	DM30m	Deutsche Schiffsbank AG, Bremen/Hamburg	7.00%	2007	
1993	DM10m	Hypothekenbank in Essen AG	7.50%	2004	
1993	DM30m	Hypothekenbank in Essen AG	7.00%	2005	
1994	DM500m	Commerzbank AG	8.00%	2006	With option rights attached for subscription to Commerzbank shares
1995	DM10m	Hypothekenbank in Essen AG	7.40%	2005	
1995	DM25m	Hypothekenbank in Essen AG	4.41%	2007	
1996	DM500m	Commerzbank AG	7.90%	2008	
1997	DM50m	Hypothekenbank in Essen AG	variable	2007	
1997	DM10m	Hypothekenbank in Essen AG	7.00%	2006	
1997	DM8m	Hypothekenbank in Essen AG	7.00%	2007	
1997	DM20m	Hypothekenbank in Essen AG	7.25%	2007	
1997	DM30m	Hypothekenbank in Essen AG	7.25%	2007	
1997	DM5m	Hypothekenbank in Essen AG	7.05%	2007	
1997	DM5m	Hypothekenbank in Essen AG	7.00%	2007	
1997	DM10m	Hypothekenbank in Essen AG	7.00%	2007	
1997	DM10m	Hypothekenbank in Essen AG	7.00%	2007	
Total	DM3,736m				

Profit-sharing certificates serve to strengthen the Bank's liable equity capital in accordance with the provisions of the German Banking Act – KWG. They are affected directly by current losses. Interest payments are made solely within

the scope of the existing distributable profit. The claims of holders of profit-sharing certificates to a repayment are subordinate to the claims of other creditors.

Notes on the Bank's Annual Accounts

Changes in the individual equity capital components

in DM m

	Subscribed capital	Authorized capital	Conditional capital
As of 31. 12. 1996	2,001	538	379
Issue of shares to staff in 1997	5	-5	-
Capital increase in 1997	153	-153	-
Increase in accordance with AGM resolution of 30. 5. 1997	-	250	150
Expiry of AGM resolutions of 27. 5. 1994	-	-125	-
Option and conversion rights exercised in 1997	161	-	-161
As of 31. 12. 1997	2,320	505	368

Subscribed capital

The Parent Bank's subscribed capital is in the form of bearer shares and on December 31, 1997 had been issued as follows:

193,000 shares of	DM1,000 nominal
440,000 shares of	DM100 nominal
38,487,371 shares of	DM50 nominal
31,690,603 shares*) of	DM5 nominal

*) including 30,503,200 shares ranking for a dividend payment as of July 1, 1997

Due to the increase in the Bank's subscribed capital from authorized capital, a total of 31,590,603 shares of DM5 nominal per share

were subscribed to in 1997 in the course of a capital increase (DM157,953,015). Of these, DM152,516,000 (30,503,200 shares) relates to the capital increase effected in October 1997 and DM5,437,015 (1,087,403 shares) to the issue of shares to the Bank's employees.

The increase in the subscribed capital from a conditional capital increase by exercising option and conversion rights amounted to altogether DM160,465,850 or 60,000 shares of DM100 nominal per share, and 3,089,317 shares of DM50 nominal per share.

Authorized capital

Year of AGM resolution	Original amount	Remaining amount	Authoriza- tion expires:	Conditions of issue
May 27, 1994	DM400m	DM248m	April 30, 1999	Shareholders' subscription rights may be excluded for fractional amounts and to offer subscription rights to holders of conversion or option rights.
May 27, 1994	DM30m	DM7m	April 30, 1999	The Board may, with the approval of the Supervisory Board, exclude shareholders' subscription rights for the purpose of issuing shares to the Bank's staff.
May 30, 1997	DM200m	DM200m	April 30, 2002	The Board may, with the approval of the Supervisory Board, exclude shareholders' subscription rights pursuant to Section 186 (3), 4 of the German Stock Corporation Act – AktG.
May 30, 1997	DM50m	DM50m	April 30, 2002	The Board may, with the approval of the Supervisory Board, exclude shareholders' subscription rights for the purpose of issuing shares to the Bank's staff.
As of 31. 12. 1997	DM680m	DM505m		

Notes on the Bank's Annual Accounts

Unissued conditional capital

in DM m

	Conditional capital 1. 1. 1997	Additions in 1997	Expiring in 1997	Used in 1997	Conditional capital 31. 12. 1997	of which: used available conditional lines capital	
Convertible profit-sharing certificates	83	–	–	58	25	25	–
Profit-sharing certificates with warrants attached	296	–	–	103	193	68	125
Convertible bond/Bonds with warrants	–	150	–	–	150	–	150
Total	379	150	–	161	368	93	275

The AGM on May 30, 1997 resolved a conditional capital increase of up to DM150m. This conditional capital increase will only be effected insofar as the bearers of the convertible bonds or

bonds with warrants to be issued by April 30, 2002, exercise their conversion or option rights. Up to now, this authorization has not been utilized.

Warrants on Commerzbank shares

German securities code nr.	Subscription ratio	Option price per share*)	End of option period	Conditional capital increase at issue	Conditional capital increase at end-1997
990 512	1:1	DM360	December 1, 1998	DM6m	DM6m
990 513	1:1	DM370	December 1, 1999	DM6m	DM6m
803 626	2:1	DM340	December 12, 1999	DM75m	DM56m

*) of DM50 nominal.

Convertible profit-sharing certificates

German securities code nr.	Conversion right	Conversion period	Conditional capital increase at issue	Conditional capital increase at end-1997
803 250	One share*) for each DM200 nominal of profit-sharing certificates and additional payment of DM45	From June 15 to December 15 of each business year up to and including 1998	DM125m	DM25m

*) of DM50 nominal.

Notes on the Bank's Annual Accounts

Changes in the Group's reserves

in DM m

	Carried forward on Jan. 1, 1997	Allocation from net income for the year	Allocation during the business year	Other change	As of Dec. 31, 1997
Capital reserve	6,348	–	2,245	–	8,593
Revenue reserves	4,006	650	–	–425	4,231
Legal reserve	6	–	–	–	6
Reserve for the Bank's own shares	–	–	–	42	42
Other revenue reserves	4,000	650	–	–467	4,183
Total	10,354	650	2,245	–425	12,824

As a result of the first consolidation of certain subsidiaries and the increase in the percentage of the capital held, the other changes of DM425m include a difference in amount of DM422m on the assets side. Investments valued

at equity for the first time contain a difference in amount of DM83m on the assets side. Exchange-rate movements produced a decline of DM24m.

Changes in the Parent Bank's reserves

in DM m

	Carried forward on Jan. 1, 1997	Allocation from net income for the year	Allocation during the business year	Other change	As of Dec. 31, 1997
Capital reserve	6,348	–	2,245	–	8,593
Revenue reserves	2,434	650	–	–	3,084
Legal reserve	6	–	–	–	6
Reserve for the Bank's own shares	–	–	–	42	42
Other revenue reserves	2,428	650	–	–42	3,036
Total	8,782	650	2,245	–	11,677

Contingent liabilities and other commitments

in DM m	Group	Parent Bank
Contingent liabilities on rediscounted bills of exchange	3,175	3,168
Liabilities from guarantees and indemnity agreements	41,026	40,096
of which: Credit guarantees	3,559	3,159
Other guarantees	24,016	28,921
Letters of credit	8,098	8,016
Other items	5,353	–
Repurchase commitments arising from non-genuine securities repurchase agreements	15	–
Placement and underwriting commitments	82	–
of which: Revolving underwriting facilities	–	–
Note issuance facilities	–	–
Other items	82	–
(Memo item: contingent liabilities actually drawn upon)	–	–)
Irrevocable credit commitments	79,137	66,991
of which: Book credits to customers	66,216	55,633
Book credits to banks	4,738	3,236
Credits by way of guarantee	7,371	7,310
Letters of credit	812	812

Assets pledged as security for the Bank's own liabilities

in DM m	Group	Parent Bank
Liabilities to banks	17,227	15,347
Liabilities to customers	5,534	5,466
Securitized liabilities	21	21
Total assets pledged as security	22,782	20,834

Notes on the Bank's Annual Accounts

Geographical breakdown of Group's operating result

in DM m

	Germany	Europe (excluding Germany)	America	Asia	Africa	Intra-Group balances	Total
Interest income ¹⁾	20,914	7,420	2,866	1,294	146	-3,940	28,700
Current income ²⁾	1,126	49	23	-	-	-	1,198
Interest paid ³⁾	16,031	7,011	2,634	1,058	133	-3,962	22,905
Net interest income	6,009	458	255	236	13	22	6,993
Commissions received	2,594	458	52	64	1	-148	3,021
Commissions paid	273	48	12	5	-	-110	228
Net commission income	2,321	410	40	59	1	-38	2,793
Net income from financial transactions	-73	70	34	4	7	-	42
Wages and salaries	2,518	230	84	64	3	-	2,899
Social-security contributions ⁴⁾	758	42	11	6	-	-	817
Other administrative expenses ⁵⁾	2,040	284	74	79	5	-16	2,466
Operating expenses	5,316	556	169	149	8	-16	6,182
Other operating income	451	35	10	10	-	-	506
Other operating expenses	410	12	18	5	-	-	445
Provision for possible loan losses	-955	83	-4	-675	1	-	-1,550
Operating result	2,027	488	148	-520	14	-	2,157
Risk-weighted assets	211,339	49,761	23,564	22,228	1,277	-45,129	263,040
Balance-sheet total	417,893	142,740	52,654	25,532	1,642	-123,524	516,937

¹⁾ from lending and money-market transactions, fixed-income securities and government-inscribed debt; ²⁾ from shares, other variable-yield securities, investments, holdings in affiliated companies (incl. profit-and-loss transfer agreements), leasing business, as well as the result deriving from holdings in associated companies; ³⁾ incl. expenses and normal depreciation in leasing business; ⁴⁾ incl. expenses for pensions and other employee benefits; ⁵⁾ incl. normal depreciation on fixed assets and intangible assets.

Geographical breakdown of Parent Bank's revenues

in DM m

	Germany	Europe (excluding Germany)	America	Asia	Africa	Intra-company balances	Total
Interest income	11,414	3,421	1,045	844	146	-1,229	15,641
Current income from shares and other variable-yield securities, investments, and investments in affiliated companies, as well as income from profit-pooling and full or partial profit-and-loss transfer agreements	1,776	-	19	-	-	-	1,795
Commissions received	2,294	67	20	28	1	-	2,410
Net income from financial transactions	-36	-51	34	-7	7	-	-53
Other operating income	135	8	10	3	-	-	156
Total	15,583	3,445	1,128	868	154	-1,229	19,949

Notes on the Bank's Annual Accounts

Administrative and brokerage services

The principal administrative and brokerage services supplied to third parties are: safe custody and administration of securities, asset management, brokerage services for insurance and home loan savings contracts.

Important individual items from the profit and loss account

in DM m	Group	
	1997	1996
Net commission income	2,793	2,286
Securities business	1,176	870
Foreign commercial business	398	378
Payments transactions	330	309
Guarantee commissions	240	213
Asset management	170	106
Other items	479	410
Net income from financial transactions	42	450
Proprietary securities trading	-326	47
Foreign-exchange dealings	241	129
Interest futures	127	274
Other operating expenses	532	439
Allocation to provisions not relating to lending business	177	108
Expenses arising from building and architects' services	174	65
Depreciations on leased objects	87	87
Losses arising from the disposal of fixed assets	21	27
Other items	73	152
Other operating income	593	501
Income from building and architects' services	214	92
Write-backs of provisions not relating to lending business	92	56
Income from leasing transactions	87	122
Sales revenues	60	74
Rent received from third parties	36	33
Income from the disposal of fixed assets	19	30
Other items	85	94

Proprietary-trading result in accordance with IAS accounting rules

in DM m	Group	
	1997	1996
Net income from financial transactions pursuant to HGB	42	450
Formation of hidden reserves ¹⁾	131	13
Interest income ²⁾	391	347
Proprietary-trading result in accordance with IAS rules	564	810

¹⁾ The formation of hidden reserves under this item is not covered by the German Commercial Code (HGB).

²⁾ Earnings from securities held for trading purposes, included under interest income in accordance with HGB, net of funding interest rates.

Net result for investments

The net result for investments basically contains write-downs for four equity participations whose value is permanently impaired.

Deferred items

The other deferred items on the asset side represent differences in amount pursuant to section 340e (2), 3 of the German Commercial Code, totalling DM265m (DM0m at Parent Bank).

Notes on the Bank's Annual Accounts

Deferred taxes

Within the Commerzbank Group and at the Parent Bank, tax deferrals or tax accruals are formed pursuant to the provisions of Sections 274 and 306 of the German Commercial Code (HGB) for temporary differences between accounting in terms of either the commercial or the taxable results.

The deferred taxes are worked out on the basis of the relevant tax rates on the income of Group

companies. The remaining balance on the asset side of DM208m at Group level (DM84m at Parent Bank) is shown in the balance sheet.

Within the Group and at the Parent Bank, the deferred tax item basically relates to tax accruals on provisions no longer recognized for tax purposes that were formed for anticipated losses on pending transactions which are still required by commercial law.

Provision for possible risks

Provision for lending risks developed as follows at the Group level:

in DM m

	Individual borrower risks		Country risks		Global Provision		Total	
	1997	1996	1997	1996	1997	1996	1997	1996
As of start of financial year	7,591	6,478	689	973	414	453	8,694	7,904
Allocation	2,622	2,422	363	41	184	49	3,169	2,512
Deductions	2,534	1,426	246	333	60	46	2,840	1,805
of which: Utilized	1,576	778	29	156	–	–	1,605	934
Written back	958	648	217	177	60	46	1,235	871
Transfers	41	4	46	2	–	–42	87	–36
Changes in foreign-exchange rates	103	113	14	6	3	–	120	119
Provision for lending risks	7,823	7,591	866	689	541	414	9,230	8,694
Direct write-downs	40	55	–	–	–	–	40	55
Received on written-down claims	65	19	–	–	–	–	65	19

Provision for lending risks relates at Group level to the following items:

in DM m	1997	1996
Claims on banks	608	592
Claims on customers	8,020	7,593
Guarantees, endorsement liabilities	414	284
Irrevocable lending commitments	188	225
Total	9,230	8,694

Taxes on income

Taxes on income relate to the results deriving from ordinary business activity.

In the year under review, the overall provision for risks affected the profit and loss account as follows:

in DM m	1997	1996
Allocation to provisions for risks	–3,169	–2,512
Writing-back of provisions for risks	1,235	871
Direct write-downs	–40	–55
Received on written-down claims	65	19
Provisions for lending risks	–1,909	–1,677
Security-price risks	359	461
Total provision for risks	–1,550	–1,216

Notes on the Bank's Annual Accounts

Cash flow statement of the Commerzbank Group

in DM m	1997	1996
Net income	1,338	1,214
Non-cash positions in net income and adjustments to reconcile net income with net cash provided by operating activities		
Write-downs, depreciation, adjustments, write-ups and allocations to provisions	4,725	4,595
Write-downs and depreciation less write-ups on fixed assets	563	533
Profits from the disposal of fixed assets	-27	-6
Other adjustments	-6,991	-5,940
Sub-total	-392	396
Change in assets and liabilities from operating activities after correction for non-cash components		
Amounts receivable	-45,613	-32,213
Bonds, notes and other fixed-income securities	-16,313	-7,049
Securities	-1,770	-1,303
Other assets from operating activities	-5,667	-3,026
Liabilities	21,576	9,244
Securitized liabilities	40,118	29,714
Other liabilities from operating activities	1,152	967
Interest and dividends received	29,809	26,220
Interest paid	-22,818	-20,279
Extraordinary payments	-20	-9
Income tax payments	-163	-899
Net cash provided by operating activities	-101	1,763
Proceeds from the disposal of financial investments	595	160
fixed assets	138	66
Payments for the acquisition of financial investments	-699	-691
fixed assets	-745	-781
Net cash used by investing activities	-711	-1,246
Proceeds from the issuance of shares	2,563	407
Dividend payments	-540	-520
Other financing activities	1,024	1,100
Net cash provided by financing activities	3,047	987
Cash and cash equivalent at end of previous period	10,500	8,985
Net cash provided by operating activities	-101	1,763
Net cash used by investing activities	-711	-1,246
Net cash provided by financing activities	3,047	987
Effects of exchange-rate changes on cash and cash equivalents	20	11
Cash and cash equivalents at the end of the period	12,755	10,500

The cash flow statement shows the state and the change in the cash and cash equivalents of the Group, broken down into the areas of operating activities, investing activities and financing activities.

Cash and cash equivalents consist of the balance-sheet items cash reserve and debt

issued by public-sector borrowers and bills of exchange rediscountable at central banks.

We assign the flows of payments to operating activities on the basis of the definition used for the operating result.

Notes on the Bank's Annual Accounts

Other details

Pending forward transactions (Group)

in DM m

	Nominal amount Remaining life			Market value	
	under 1 year	1-5 years	more than 5 years	Total	
Foreign currency-based forward transactions					
OTC products					
Spot and forward exchange transactions	461,220	27,034	4,683	492,937	9,342
Interest-rate and currency swaps	11,220	21,086	13,073	45,379	1,541
Foreign-currency call options	112,334	9,866	–	122,200	2,396
Foreign-currency put options	123,898	12,998	–	136,896	–
Other foreign-exchange contracts	–	–	–	–	–
Products traded on a stock exchange					
Currency futures	5	–	–	5	–
Currency options	–	–	–	–	–
Total	708,677	70,984	17,756	797,417	13,279
Interest-based futures transactions					
OTC products					
Future-rate agreements	450,933	35,389	–	486,322	337
Interest-rate swaps (same currency)	391,078	390,837	214,163	996,078	16,208
Call options on interest-rate futures	11,956	25,375	9,387	46,718	695
Put options on interest-rate futures	19,444	27,419	11,896	58,759	–
Other interest contracts	15,014	19,072	3,039	37,125	113
Products traded on a stock exchange					
Interest-rate futures	115,392	19,455	–	134,847	–
Interest-rate options	40,140	1,381	–	41,521	–
Total	1,043,957	518,928	238,485	1,801,370	17,353
Other forward transactions					
OTC products					
Equity swaps	1,273	–	–	1,273	–
Equity call options	6,611	3,629	75	10,315	760
Equity put options	3,099	1,485	162	4,746	–
Other equity contracts	131	270	545	946	102
Precious metal contracts	1,127	135	–	1,262	10
Other transactions	71	–	–	71	–
Products traded on a stock exchange					
Equity futures	1,644	–	–	1,644	–
Equity options	3,310	–	–	3,310	–
Other futures	–	–	–	–	–
Other options	–	–	–	–	–
Total	17,266	5,519	782	23,567	872
Total pending forward transactions					
OTC products	1,609,409	574,595	257,023	2,441,027	31,504
Products traded on a stock exchange	160,491	20,836	–	181,327	–
Total	1,769,900	595,431	257,023	2,622,354	31,504

On the balance-sheet date, immatured foreign-exchange, interest-related and other forward transactions were outstanding as shown in the

preceding table. These entail merely a counterparty risk or currency, interest and/or other market-price risks.

Breakdown of derivatives business by customer group

in DM m	Market value
OECD central governments	28
OECD banks	25,200
OECD financial institutions	2,929
Other companies, private individuals	2,529
Non-OECD central governments	–
Non-OECD banks	707
Non-OECD financial institutions	111
Total	31,504

The market values are shown as the sum totals of the positive amounts per contract, from which no pledged security has been deducted and without taking into account any netting agreements. The negative amounts per contract have also not been deducted. As no counter-party risk exists, no market values are given for products traded on a stock exchange. By definition, no positive market values exist for options sold.

A substantial number of the transactions in the three specified categories are made in order to hedge the effects of fluctuations in interest rates, exchange rates and market prices. In addition, a substantial part is effected for trading purposes.

Average number of staff employed by the Bank during the year

	total		male		female	
Group	26,453	(27,652)	13,582	(13,701)	12,871	(13,951)
in Germany	23,961	(25,160)	12,300	(12,419)	11,661	(12,741)
abroad	2,492	(2,492)	1,282	(1,282)	1,210	(1,210)
Parent Bank	23,972	(25,171)	12,333	(12,452)	11,639	(12,719)
at companies included in the consolidation in proportion to the share of capital held pursuant to Section 310 of the German Commercial Code (HGB)	951	(1,062)	489	(524)	462	(538)

The above figures include part-time workers with the time they actually worked. The time worked by this group is 58% of the standard working time. The figures in parentheses take the part-time staff fully into account.

Not included in the full-time figures are the average number of apprentices undergoing training within the Group:

	total	male	female
Apprentices	1,460	631	829

The boards of the Parent Bank

Supervisory Board

Dr. Walter Seipp
Chairman
Hans-Georg Jurkat
Deputy Chairman
Reinhold Borchert
Erhard Bouillon
Uwe Foullong
Dr.-Ing. Otto Happel
Gerald Herrmann
Detlef Kayser
Dieter Klinger

Dr. Hans-Jürgen Knauer
Peter Kretschmer
Dr. Heinz Kriwet (until January 3, 1997)
Horst Sauer
Wolfgang Schmelz
Dr. Raban Frhr. v. Spiegel
Dr. Rolf Stoffel
Hermann Josef Strenger
Dr.-Ing. Dieter H. Vogel (since January 4, 1997)
Heinrich Weiss
Wilhelm Werhahn
Wolfgang Ziemann

Board of Managing Directors

Dr. h. c. Martin Kohlhaussen
Chairman
Dr. Erich Coenen
Dietrich-Kurt Frowein
Dr. Peter Gloystein
Dr. Kurt Hochheuser
Dr. Norbert Käsbeck

Jürgen Lemmer
Klaus-Peter Müller
Klaus Müller-Gebel
Klaus M. Patig
Dr. Axel Frhr. v. Ruedorffer

Remuneration of board members

The following remuneration was paid in 1997:

in DM1,000	Group	Parent Bank
Board of Managing Directors	18,586	17,470
Supervisory Boards	2,558	2,558
Retired Managing Directors and their dependents	8,512	8,512

At end-1997, provisions for pensions for retired Managing Directors and their surviving dependents totalled DM67,597,000; this amount fully covers our pension commitments towards this group.

Loans to board members

At end-1997, the aggregate amount of advances and loans as well as contingent liabilities was as follows:

in DM1,000	Group	Parent Bank
Board of Managing Directors	16,809	15,586
Supervisory Boards	2,044	1,546

Notes on the Bank's Annual Accounts

The mortgage banks included in the consolidation are reflected in the following items:

in DM m	end-1997	end-1996
Claims on banks		
mortgage loans	61	67
communal loans	25,647	26,785
Claims on customers		
mortgage loans	37,870	35,162
Deferred items (assets side)		
from issuing and lending business	957	708
other	-	-
Liabilities to banks		
registered mortgage bonds issued	562	581
registered public-sector mortgage bonds issued	1,451	1,455
including: given to lender as security for loans taken up:		
registered mortgage bonds	11	21
registered public-sector mortgage bonds	124	191
Liabilities to customers		
registered mortgage bonds issued	6,603	6,852
registered public-sector mortgage bonds issued	11,755	11,436
including: given to lender as security for loans taken up:		
registered mortgage bonds	290	347
registered public-sector mortgage bonds	609	655
Securitized liabilities		
mortgage bonds	18,490	16,538
public-sector mortgage bonds	89,796	65,100
Deferred items (liabilities side)		
from issuing and lending business	644	678
other	105	67

Leonberger Bausparkasse AG, which is included in the consolidation, is reflected in the following items on a pro-rata basis:

in DM m	end-1997	end-1996
Claims on banks		
Loans disbursed on home loan savings contracts	-	1
Claims on customers		
Allotted home loans (from home loan savings contracts)	1,553	1,586
Allotted home loans for advance and bridging finance	771	909
Liabilities to banks		
Home loan savings deposits	12	12
Liabilities to customers		
Home loan savings deposits	2,614	2,513
including: on terminated contracts	9	9
on allotted contracts	56	37
Provisions		
Fund for covering disbursement commitments	79	76
in DM m	end-1997	end-1996
Interest income from lending and money-market transactions		
Loans disbursed on home loan savings contracts	84	85
Advance and bridging finance loans	57	70
Other home loans	1	1
Interest paid on home loan savings deposits		
	79	73
Commissions received		
from contracts concluded and business passed on	22	24
from arranging loans after allotment	9	9
from provision and processing of advance and bridging finance	2	3
Commissions paid		
for conclusion of contracts and business passed on	38	43

Effects of including a different number of companies in the consolidation

In a year-on-year comparison, ten fewer companies altogether were included in the consolidation.

Two companies (Montgomery Asset Management, San Francisco, and Commerzbank Belgium, Brussels) have been included in the consolidation for the first time; one company (Commerz Securities (Japan) Company Ltd., Hong Kong/Tokyo), which had been included at equity in the previous year, has been fully consolidated for the first time.

At the same time, 13 companies were deconsolidated.

This did not have any serious effect on items in the consolidated balance sheet and consolidated profit and loss account.

Letter of comfort

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

Notes on the Bank's Annual Accounts

Holdings in affiliated and other companies

Affiliated companies included in the consolidation

Company name	Domicile	Share of capital held, in %	of which indirectly, %	Equity capital in 1,000 of stated currency	Result in 1,000 of stated currency
Atlas-Vermögensverwaltungs-Gesellschaft mbH	Düsseldorf	100.0		DM 350,184	0 2)
Bankhaus Bauer Aktiengesellschaft	Stuttgart	83.7	17.0	DM 30,543	7,813
Berliner Commerz Beteiligungsgesellschaft mbH	Berlin	100.0		DM 11,000	0 2)
Berliner Commerz Grundstücks- und Verwaltungsgesellschaft mbH	Berlin	100.0		DM 3,300	0 2)
C. Portmann	Frankfurt am Main	100.0		DM 1,612	112
Caisse Centrale de Réescompte, S.A.	Paris	92.1		Ffr 764,896	118,720
CCR-Gestion	Paris	99.4	99.4	Ffr 30,583	20,948
CB Finance Company B.V.	Amsterdam	100.0		DM 80,566	19,423
Commerzbank Overseas Finance N.V.	Curaçao	100.0	100.0	DM 19,625	17,624
comdirect bank GmbH	Quickborn	100.0		DM 37,500	0 2)
Commerz Asset Management (UK) plc	London	97.2		£ 192,900	11,013
Jupiter International Group PLC (Sub-Group)	London	100.0	100.0	£ 73,434	21,201
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		
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		
Jupiter Asset Management (Luxembourg) SA	Luxembourg	100.0	100.0		
KF Ltd.	Bermuda	61.3	61.3		
GVT Ltd.	Bermuda	55.0	55.0		
CI Management Ltd.	Bermuda	100.0	100.0		
TI Ltd.	Bermuda	100.0	100.0		
AF Ltd.	Bermuda	100.0	100.0		
AGF Ltd.	Bermuda	100.0	100.0		1)
FP Ltd.	Bermuda	100.0	100.0		1)
HK Ltd.	Bermuda	100.0	100.0		1)
IF Ltd.	Bermuda	75.0	75.0		
KL Ltd.	Bermuda	66.0	66.0		
Tyndall Investment 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		DM 1,001	0 2)
Commerz Financial Products GmbH	Frankfurt am Main	100.0		DM -5,177	-50,177
Commerz Finanz-Management GmbH	Frankfurt am Main	100.0		DM 606	0 2)
Commerz Futures Corporation	Wilmington/Delaware	100.0		US\$ 8,873	-413
Commerz Grundbesitz-Investmentgesellschaft mbH	Wiesbaden	75.0		DM 31,211	4,331
Commerz International Capital Management GmbH	Frankfurt am Main	100.0		DM 23,364	-8,298

Notes on the Bank's Annual Accounts

Affiliated companies included in the consolidation

Company name	Domicile	Share of capital held, in %	of which indirectly, %	Equity capital in 1,000 of stated currency	Result in 1,000 of stated currency
CICM Fund Management Ltd.	Dublin	100.0	100.0	Ir£ 2,196	1,730
CICM (Ireland) Ltd.	Dublin	75.0	75.0	Ir£ 1,048	624
Commerz International Capital Management (Japan) Ltd.	Tokyo	100.0	100.0	¥ 181,529	3,035
Commerz Securities (Japan) Company Ltd.	Hong Kong/Tokyo	100.0		¥ 8,386,833	352,508 1)
Commerz Service Gesellschaft für Kundenbetreuung mbH	Frankfurt am Main	100.0		DM 50	0 2)
Commerzbank (Budapest) R.t.	Budapest	100.0		Ft 8,094,484	23,706
Commerzbank (Nederland) N.V.	Amsterdam	100.0		Dfl 345,753	23,044
Commerzbank (East Asia) Ltd.	Hong Kong	100.0	100.0	DM 105,844	2,839
Commerzbank (South East Asia) Ltd.	Singapore	100.0		S\$ 136,225	-53,670
Commerzbank (Switzerland) AG	Zurich	100.0		Sfr 178,112	25,007
Commerzbank (Belgium) SA	Brussels	100.0		Bfr 813,916	13,924 1)
Commerzbank Capital Markets Corporation	New York	100.0		US\$ 47,959	-2,348
Commerzbank Europe (Ireland) Unlimited	Dublin	59.7		DM 719,107	36,295
Commerzbank Europe Finance (Ireland) plc	Dublin	100.0	100.0	Ir£ 30	0
Commerzbank International S.A.	Luxembourg	100.0		DM 1,707,229	293,829
Commerzbank Investment Management GmbH	Frankfurt am Main	100.0		DM 28,070	14,270
Commerzbank U.S. Finance, Inc.	Wilmington/Delaware	100.0		US\$ 675	107
CommerzLeasing und Immobilien GmbH (Sub-Group)	Düsseldorf	100.0		DM 61,669	0 2)
ALNUM GVG mbH & Co. Objekt Neu-Isenburg KG	Düsseldorf	100.0	100.0		1)
ALNUM GVG mbH & Co. Objekt Sonninhof KG	Düsseldorf	100.0	100.0		1)
CFB Commerz Fonds Beteiligungsgesellschaft mbH	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		
Grundstücks- und Vermögensverwaltungsgesellschaft Geretsried mbH	Düsseldorf	100.0	100.0		
NESTOR GVG mbH & Co. Objekt Erlangen KG	Düsseldorf	100.0	100.0		
NESTOR GVG mbH & Co. Objekt Hamme KG	Düsseldorf	100.0	100.0		
NESTOR GVG mbH & Co. Objekt ITTAE Frankfurt KG	Düsseldorf	100.0	95.0		
NESTOR GVG mbH & Co. Objekt Villingen-Schwenningen KG	Düsseldorf	100.0	100.0		
NESTOR GVG mbH & Co. Objekt Wiemelhausen KG	Düsseldorf	100.0	100.0		
NEUTRALIS GVG mbH	Düsseldorf	100.0	100.0		
NORA GVG mbH & Co. Objekt Düsseldorf KG	Düsseldorf	100.0	100.0		
NORA GVG mbH & Co. Objekt Lampertheim KG	Düsseldorf	100.0	100.0		
NORA GVG mbH & Co. Objekte Plön und Preetz KG	Düsseldorf	100.0	100.0		
NOTARIA GVG mbH	Düsseldorf	100.0	100.0		
NOVELLA GVG mbH	Düsseldorf	100.0	100.0		1)
NUMERIA GVG mbH	Düsseldorf	100.0	100.0		
NUMERIA GVG mbH & Co. Objekt Waldkraiburg KG	Düsseldorf	100.0	100.0		

Notes on the Bank's Annual Accounts

Affiliated companies included in the consolidation

Company name	Domicile	Share of capital held, in %	of which indirectly, %	Equity capital in 1,000 of stated currency	Result in 1,000 of stated currency
OPTIO GVG mbH & Co. Objekt Hannover Hanomagstraße KG	Düsseldorf	0.5	0.5		6)
RESIDO Flugzeug-Leasinggesellschaft mbH & Co. Objekt Kopenhagen KG	Düsseldorf	0.1	0.1		6)
RESIDO Flugzeug-Leasinggesellschaft mbH & Co. Objekt Lissabon KG	Düsseldorf	0.1	0.1		6)
RESIDO Flugzeug-Leasinggesellschaft mbH & Co. Objekt Nice KG	Düsseldorf	0.1	0.1		6)
RESIDO Flugzeug-Leasinggesellschaft mbH & Co. Objekt Oslo KG	Düsseldorf	0.1	0.1		6)
ROTUNDA GVG mbH	Düsseldorf	0.1	0.1		6)
SECUNDO GVG mbH	Düsseldorf	100.0	100.0		
TERTIO GVG mbH	Düsseldorf	100.0	100.0		
Hildegund Ltd.	London	100.0		£	-1,968 -461
Hypothekbank in Essen AG	Essen	51.0		DM	683,605 75,600
Indugest S.A.R.L.	Luxembourg	100.0	25.0	DM	29,789 2,277
L.I.A. Leasinggesellschaft für Immobilien und Anlagegüter mbH (Sub-Group)	Düsseldorf	99.9	0.1	DM	1,510 0 2)
ACTIUM Leasobjekt Gesellschaft mbH	Frankfurt am Main	100.0	100.0		
ALA Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0		
ALBUS Leasobjekt Gesellschaft mbH	Düsseldorf	100.0	100.0		
ELIMO Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0		
Montgomery Asset Management, LLC	Wilmington/Delaware	89.6		US\$	16,635 5,620 1)
OLEANDRA GVG mbH & Co., Objekt Jupiter KG	Düsseldorf	100.0		DM	7,430 3,291
OLEANDRA GVG mbH & Co., Objekt Luna KG	Düsseldorf	100.0		DM	11,160 783
OLEANDRA GVG mbH & Co., Objekt Neptun KG	Düsseldorf	100.0		DM	4,931 2,881
OLEANDRA GVG mbH & Co., Objekt Pluto KG	Düsseldorf	100.0		DM	13,204 5,435
OLEANDRA GVG mbH & Co., Objekt Venus KG	Düsseldorf	100.0		DM	7,627 5,154
OLEANDRA GVG mbH & Co., Objekt Uranus KG	Düsseldorf	100.0		DM	15,544 6,524
RHEINHYP Rheinische Hypothekbank Aktiengesellschaft	Frankfurt am Main	97.8		DM	1,538,701 155,600
RHEINHYP BANK Europe plc	Dublin	100.0	100.0	DM	215,096 11,888
RHEINHYP Finance, N.V.	Amsterdam	100.0	100.0	DM	863 698
WESTBODEN-Bau- und Verwaltungsgesellschaft mbH	Frankfurt am Main	100.0	100.0	DM	711 0 2)
von der Heydt-Kersten & Söhne	Wuppertal-Elberfeld	100.0		DM	12,083 2,083
WoodCommerz N.V.	Amsterdam	62.5	12.5	Dfl	2,762 -738
WoodCommerz a.s.	Prague	100.0	100.0	Kč	-1,008,996 -1,018,996

Notes on the Bank's Annual Accounts

Companies included in the consolidation on a pro-rata basis

Company name	Domicile	Share of capital held, in %	of which indirectly, %	Equity capital in 1,000 of stated currency	Result in 1,000 of stated currency
Deutsche Schiffsbank Aktiengesellschaft	Bremen/Hamburg	40.0		DM 336,800	36,000 3)
Leonberger Bausparkasse Aktiengesellschaft	Leonberg	40.1		DM 410,779	24,258 3)

Associated companies included in the consolidation at equity

Company name	Domicile	Share of capital held, in %	of which indirectly, %	Equity capital in 1,000 of stated currency	Result in 1,000 of stated currency
ADIG Allgemeine Deutsche Investment-Gesellschaft mbH	Munich/ Frankfurt am Main	42.7	1.0	DM 227,163	64,754
ADIG-Investment Luxemburg S.A.	Luxembourg	48.2	10.7	DM 184,170	37,157
Bank Rozwoju Eksportu S.A.	Warsaw	48.7		Zł 961,873	146,275
Commerz Unternehmensbeteiligungs-Aktiengesellschaft	Frankfurt am Main	40.0		DM 147,884	15,693
Karl Baumgartner + Partner Consulting GmbH & Co. KG	Sindelfingen	50.0		DM 813	1,660
Korea International Merchant Bank Ltd.	Seoul	23.6		₩ 254,266,780	30,104,828
KVH Kreditverwaltungsgesellschaft Hamburg mbH	Hamburg	40.0		DM 4,103	3,857
Liegenschaft Hainstraße GbR	Frankfurt am Main	50.0	50.0	DM 13,886	-15
Mädler-Passage Leipzig Grundstück GmbH & Co KG	Leipzig	50.0		DM 47,916	-32,146
MIPA Müller Verwaltungs-GmbH	Düsseldorf	34.1	34.1	DM 8,147	46
PI Limited	Bermuda	33.3	33.3	US\$ 6	-1
PIONEER Poland U.K. L.P.	Jersey	37.9		US\$ 5,384	-722
P.T. Bank Finconesia	Jakarta	23.9		Rp. 118,287,412	7,489,362
Relator Grundstücksvermietungsgesellschaft mbH	Düsseldorf	38.0	38.0	DM 50	0 1)
WinCom Versicherungs-Holding Aktiengesellschaft	Wiesbaden	25.0		DM 1,208,071	22,416

Notes on the Bank's Annual Accounts

Other prominent companies not included in the consolidation

Company name	Domicile	Share of capital held, in %	of which indirectly, %	Equity capital in 1,000 of stated currency	Result in 1,000 of stated currency
Almüco Vermögensverwaltungsgesellschaft mbH	Munich	25.0		DM 104,874	26,939
Heidelberger Druckmaschinen AG	Heidelberg	9.9	6.0	DM 3,070,952	1,058,461
Alno AG	Pfullendorf	28.5		DM 142,646	-3,807
Buderus Aktiengesellschaft	Wetzlar	14.2		DM 533,859	109,975
DBV-Winterthur Holding Aktiengesellschaft	Wiesbaden	15.2	15.2	DM 1,108,472	92,126
Frega Vermögensverwaltungsgesellschaft mbH	Frankfurt am Main	40.0		DM 10,123	-61,524
Linde Aktiengesellschaft	Wiesbaden	10.2		DM 3,868,531	204,544
Pan-Vermögensverwaltungsgesellschaft mbH	Munich	25.0		DM 160,938	8,556
Philipp Holzmann AG	Frankfurt am Main	10.0		DM 1,722,109	0
PIVO Beteiligungsgesellschaft mbH	Hamburg	52.0	52.0	DM 34,901	-99 7)
Regina Verwaltungsgesellschaft mbH	Munich	25.0		DM 684,654	55,769
MAN Aktiengesellschaft	Munich	6.5	6.5	DM 2,943,785	235,880
Salamander Aktiengesellschaft	Kornwestheim	10.7		DM 324,457	-22,296
Thyssen Beteiligungsverwaltungsgesellschaft mbH	Düsseldorf	50.0		DM 520,479	31,743
Thyssen Aktiengesellschaft	Duisburg	5.3	5.3	DM 4,606,000	350,000
Unibanco Holdings S.A.	São Paulo	15.4		R\$ 1,053,978	139,349

Less important affiliated companies not included in the consolidation

Company name	Domicile	Share of capital held, in %	of which indirectly, %
Atlas Participações S/C Ltda.	São Paulo	100.0	100.0
Aussenhandel-Förderungsgesellschaft mbH	Düsseldorf	100.0	
B + P Vermögensverwaltungsgesellschaft mbH	Sindelfingen	50.0	
Beteiligungsgesellschaft für Industrie und Handel mbH	Frankfurt am Main	50.0	
BeVerwal Beteiligungs- und Verwaltungsgesellschaft mbH	Frankfurt am Main	75.0	
CASIA Grundstücks-Vermietungs- und Verwaltungsgesellschaft mbH	Düsseldorf	97.6	97.6
CB Fund Management Company S.A.	Luxembourg	100.0	100.0
CCR – Actions	Paris	73.7	73.7
CCR – Gestion Int.	Paris	92.1	92.1
CCR – Patrimoine	Paris	73.7	73.7
CCR – Titrisation	Paris	92.1	92.1
Centrale H	Paris	91.9	91.9
COBRA Projekt- und Objektmanagement GmbH	Frankfurt am Main	100.0	
Collegium Glashütten Zentrum für Kommunikation GmbH	Glashütten	100.0	
Commercium Vermögensverwaltungsgesellschaft m.b.H.	Hamburg	100.0	
Commerz S.A.	Panama	100.0	100.0
Commerzbank Asset Management Asia Ltd.	Singapore	100.0	100.0
Commerz Asset Management USA Corporation	Wilmington/Delaware	100.0	100.0
Martingale Asset Management, L.P.	Wilmington/Delaware	60.0	60.0
Commerz Financial Products S.A.	Paris	100.0	100.0
Commerz Financial Products USA Inc.	Wilmington/Delaware	100.0	100.0
Commerzbank International Trust (Jersey) Ltd.	Jersey	100.0	

Notes on the Bank's Annual Accounts

Less important affiliated companies not included in the consolidation

Company name	Domicile	Share of capital held, in %	of which indirectly, %
Commerzbank International Trust (Singapore) Ltd.	Singapore	100.0	80.0
Commerzbank Properties South Africa Pty. Ltd.	Johannesburg	100.0	
Commerzbank Rio de Janeiro Serviços Ltda.	Rio de Janeiro	100.0	
Commerzbank São Paulo Serviços Ltda.	São Paulo	100.0	
Dritte Commercium Vermögensverwaltungs GmbH	Frankfurt am Main	100.0	1.0
Dritte Umbra Vermögensverwaltungs GmbH	Frankfurt am Main	100.0	1.0
Emptio I Beteiligungsgesellschaft GbR	Frankfurt am Main	50.0	50.0
Erste Commercium Vermögensverwaltungs GmbH	Frankfurt am Main	100.0	1.0
Fides Trust Company Ltd.	Luxembourg	100.0	10.0
Fünfte Umbra Vermögensverwaltungs GmbH	Frankfurt am Main	100.0	1.0
Gewerbepark Augsburg GmbH	Essen	51.0	51.0
Immobilien-Gesellschaft Markt Leipzig GmbH & Co. Projektentwicklungs KG	Leipzig	74.0	74.0
HBE Grundbesitzverwaltungs- und Verwertungsgesellschaft mbH	Essen	51.0	51.0
Hamburgische Grundstücks Gesellschaft m.b.H.	Hamburg	100.0	
Handelsgest S.A.R.L.	Luxembourg	100.0	25.0
Hibernia Delta Beteiligungsgesellschaft mbH	Frankfurt am Main	100.0	
Hibernia Eta Beteiligungsgesellschaft mbH	Frankfurt am Main	100.0	
Hibernia Gamma Beteiligungsgesellschaft mbH	Frankfurt am Main	100.0	
Hibernia Omega Beteiligungsgesellschaft mbH	Frankfurt am Main	100.0	
Hibernia Sigma Beteiligungsgesellschaft mbH	Frankfurt am Main	100.0	
Hibernia Zeta Beteiligungsgesellschaft mbH	Frankfurt am Main	100.0	
Immobilien-Gesellschaft Ost Bauer & Co. KG	Frankfurt am Main	100.0	0.1
MAM Services, LLC	Wilmington/Delaware	100.0	100.0
Neuma Vermögensverwaltungsgesellschaft mbH	Hamburg	69.0	
Norddeutsche Immobilien- und Verwaltungs-GmbH	Hamburg	100.0	
Omega Vermögensverwaltungsgesellschaft mbH	Frankfurt am Main	100.0	1.0
Prima Property Trust Managers Ltd.	Johannesburg	51.0	
REGINA Finanz- und Versicherungsvermittlung GmbH	Berlin	51.0	51.0
Schunk GmbH	Oberhausen	51.0	51.0
Sechste Umbra Vermögensverwaltungs GmbH	Frankfurt am Main	100.0	
Siebte Umbra Vermögensverwaltungs KGaA	Frankfurt am Main	100.0	10.0
Sigma Vermögensverwaltungsgesellschaft mbH	Frankfurt am Main	100.0	
Sigurd EBS Ltd.	London	100.0	
Stampen S.A.	Brussels	99.4	
Vierte Umbra Vermögensverwaltungs GmbH	Frankfurt am Main	100.0	1.0
Wijkertunnel Beheer III B.V.	Amsterdam	100.0	
Winning Partners Limited	Hong Kong	100.0	
Zweite Commercium Vermögensverwaltungs GmbH	Frankfurt am Main	100.0	1.0
Zweite Umbra Vermögensverwaltungs GmbH	Frankfurt am Main	100.0	1.0

Notes on the Bank's Annual Accounts

Less important associated companies not valued at equity in the Group balance sheet

Company name	Domicile	Share of capital held, in %	of which indirectly, %
ABC Gestion	Paris	28.0	28.0
AV America Grundbesitzverwertungsgesellschaft mbH	Frankfurt am Main	25.0	
CGT Canada Grundbesitz Treuhand GmbH i.L.	Frankfurt am Main	20.0	
Capital Investment Trust Corporation	Taipei	22.1	2.1
Commerzbank Aktiengesellschaft von 1870 i.L.	Hamburg	37.9	
Complus Holding S.A.	Luxembourg	90.0	
Deutsche Canada-Grundbesitz- Verwertungsgesellschaft mbH i.L.	Frankfurt am Main	20.0	
Deutsche Gesellschaft für Immobilienanlagen „America“ mbH	Bad Homburg v.d.H.	25.0	
Eisen-Rieg Aktiengesellschaft	Darmstadt	23.8	23.8
Europartners Holding S.A.	Luxembourg	50.0	1.3
Exploitatiemaatschappij Wijkertunnel C.V.	Amsterdam	33.3	33.3
Filmkreditreuhand GmbH	Berlin	20.0	
First National Holding S.A.	Luxembourg	98.4	
Gesellschaft für Kreditsicherung mbH	Cologne	26.7	
GFW Gesellschaft zur Förderung von Wohneigentum mbH	Leipzig	40.1	40.1
Hispano Commerzbank (Gibraltar) Ltd.	Gibraltar	50.0	
Hostra Beteiligungsgesellschaft mbH	Düsseldorf	33.3	
ILV Immobilien-Leasing Verwaltungsgesellschaft Düsseldorf mbH	Düsseldorf	50.0	
Immobilien-Vermietungsgesellschaft Borchert & Co., Objekt Aquarius KG	Düsseldorf	99.5	
Immobilien-Vermietungsgesellschaft Borchert & Co., Objekt Aries KG	Düsseldorf	99.5	
Immobilien-Vermietungsgesellschaft Borchert & Co., Objekt Geminus KG	Düsseldorf	99.5	
Immobilien-Vermietungsgesellschaft Borchert & Co., Objekt Halle Riegel KG	Düsseldorf	99.5	
Immobilien-Vermietungsgesellschaft Borchert & Co., Objekt Halle, Markt 11 KG	Düsseldorf	99.5	
Immobilien-Vermietungsgesellschaft Borchert & Co., Objekt Hohe Straße KG	Düsseldorf	99.5	
Immobilien-Vermietungsgesellschaft Borchert & Co., Objekt Leonis KG	Düsseldorf	99.5	
Immobilien-Vermietungsgesellschaft Borchert & Co., Objekt Taurus KG	Düsseldorf	99.5	
Immobilien-Vermietungsgesellschaft Borchert & Co., Objekt Virgo KG	Düsseldorf	99.5	
Immobilien-Vermietungsgesellschaft Dr. Gubelt & Co., Objekt Köln Komödienstr. 34–40 KG	Düsseldorf	99.5	
Immobilien-Vermietungsgesellschaft Dr. Gubelt & Co., Objekt Pforzheim KG	Düsseldorf	99.5	
Leonberger Immobilien GmbH	Leonberg	40.1	40.1
Lincas Electro Vertriebs-Gesellschaft mbH	Hamburg	25.0	
LUX Leasing S.A.	Luxembourg	50.0	50.0
Mädler-Passage Leipzig Grundstück Verwaltung GmbH	Leipzig	50.0	

Notes on the Bank's Annual Accounts

Less important associated companies not valued at equity in the consolidated balance sheet

Company name	Domicile	Share of capital held, in %	of which indirectly, %
NEB Shipping Co.	Monrovia	40.0	40.0
Partner Immobiliendienst-GmbH	Wiesbaden	24.0	24.0
Schiffsbetriebsgesellschaft Bremen mbH	Bremen	20.0	20.0
The World Markets Company GmbH	Frankfurt am Main	25.2	
Wood Securities BV	Amsterdam	25.0	

- ¹⁾ First included in the Group's annual accounts in 1997;
- ²⁾ Profit-and-loss transfer agreement;
- ³⁾ Jointly managed with another company holding identical stake;
- ⁴⁾ No voting rights;
- ⁵⁾ Less than 50% of voting rights held;
- ⁶⁾ Pursuant to Section 290 (2), 2 of German Commercial Code;
- ⁷⁾ Further sale intended, in accordance with Section 296 of German Commercial Code.





Translation rates (in DM for 100 units)

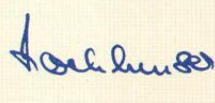


Bfr	4.8478	£	298.2000
Ffr	29.8830	Rp.	0.0323
Ft	0.8774	R\$	160.5800
Dfl	88.7390	Sfr	123.2500
Irl£	257.8500	\$S	106.9700
¥	1.3838	US\$	179.2100
Kč	5.1800	₩	0.1099
Lfr	4.8478	Zl	51.2800





Frankfurt am Main, March 2, 1998

The Board of Managing Directors

Handwritten signatures of the Board of Managing Directors:

Auditors' Certificate

The accounting and the annual financial statements of both the Parent Bank and the Commerzbank Group, which we have audited in accordance with professional standards, comply with the German legal provisions. With due regard to the generally accepted accounting principles, the annual financial statements of the Parent Bank and the Commerzbank Group give a true and fair view of the company's assets, liabilities, financial position and profit or loss. The report on the current situation of Commerzbank Aktiengesellschaft and the Commerzbank Group is consistent with both the Parent Bank's

and the consolidated annual financial statements.

Frankfurt am Main, March 3, 1998

C&L Deutsche Revision
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Wagener	Rönning
Wirtschaftsprüfer	Wirtschaftsprüfer
(German public accountant)	(German public accountant)

Report of the Supervisory Board

In 1997, 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 management and business-policy issues.

The Supervisory Board fulfilled its duties in plenary sessions and through its committees. Plenary sessions were used above all to deal with business policy, including strategic and organizational aspects, and also the development of the balance sheet, earnings performance and the equity base. But at its plenary sessions the Supervisory Board also treated the development of the individual corporate divisions, the structure of the domestic branch network, the pooling of the administrative responsibilities of several main branches, the development of the Bank's workforce and its retail customer business as well as the expansion in investment banking.

The Presiding Committee of the Supervisory Board was kept regularly informed about the business progress of the various corporate divisions and of the Group. With the Board of Managing Directors it discussed strategic goals, business performance and planning, as well as individual items of sig-

nificance, indicating its approval wherever necessary. In addition, it received reports on the performance on the various areas of business activity and on the findings of the Bank's internal auditing. It examined the plans to expand investment banking and also the related merger of Commerz Financial Products GmbH with the Parent Bank.

The Loans Committee dealt with all those lending commitments which it is required to review by law and by the Bank's statutes. It discussed with the Board of Managing Directors credits involving an enhanced degree of risk, problem loans and special developments in lending business. In this connection, the financial crisis in South-East Asia was discussed. At the same time, it monitored changes in investments, as did the Presiding Committee in some cases. Insofar as is required by law and by the Bank's statutes, the Loans Committee also approved such transactions.

On behalf of the employees, the Social Welfare Committee dealt with fundamental issues of personnel policy and social welfare. Discussion focused on the development of fringe benefits, the Bank's pension scheme, part-time employment and also the topic of women in modern banking.

The committees reported on their activities at the plenary sessions.



Walter Seipp

The Chairman of the Supervisory Board was constantly and promptly informed about all the important events at the Parent Bank and within the Group. Among other things, he received the minutes of meetings of the Board of Managing Directors along with the relevant documents, 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 Bank's Annual Accounts, Financial Statement and the Management Report for both the Parent Bank and the Group, together with the books of account for the period from January 1 to December 31, 1997, have been examined by the auditors, C&L Deutsche Revision Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, 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 Annual Accounts, the Annual Report and the auditors' reports. The auditors took part in the meeting at which the Supervisory Board dealt with the accounts, commenting on the findings of the 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 Annual

Accounts and Financial Statement of both the Parent Bank and the Group, the Management Report, and 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 Annual Accounts and the Financial Statement presented by the Board of Managing Directors, which accordingly may be regarded as adopted. It concurs with the latter's proposal as to the profit appropriation.

At the Annual General Meeting of May 30, 1997, Dr. Dieter H. Vogel was elected to the Supervisory Board.

Dr. Vogel had already been appointed to the Supervisory Board by the relevant registration court to succeed Dr. Heinz Kriwet, who had resigned.

The period of office of all members of the Supervisory Board will end on May 29, 1998, with the close of the Annual General Meeting. During this AGM, those members representing the shareholders will be newly appointed. The election procedure for the future employee representatives on the Supervisory Board is to be concluded in April 1998.

Frankfurt am Main, March 30, 1998
The Supervisory Board

Walter Seipp
Chairman

Supervisory Board

Dr. Walter Seipp
Frankfurt am Main
Chairman

Hans-Georg Jurkat
Cologne
Commerzbank AG
Deputy Chairman

Reinhold Borchert
Cologne
Commerzbank AG

Erhard Bouillon
Bad Soden

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

Dr.-Ing. Otto Happel
Bochum
Chairman of the Supervisory Board
GEA 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. Hans-Jürgen Knauer
Mülheim an der Ruhr
Member of the Supervisory Board
Stinnes AG

Peter Kretschmer
Hamburg
Commerzbank AG

Dr. Heinz Kriwet
Düsseldorf
Chairman of the Supervisory Board
Thyssen AG
until January 3, 1997

Horst Sauer
Frankfurt am Main
Commerzbank AG

Wolfgang Schmelz
Frankfurt am Main
Commerzbank AG

Dr. Raban Frhr. v. Spiegel
Oberursel

Dr. Rolf Stoffel
Frankfurt am Main
Commerzbank AG

Hermann Josef Strenger
Leverkusen
Chairman of the Supervisory Board
Bayer AG

Dr.-Ing. Dieter H. Vogel
Düsseldorf
Chairman of the Board of
Managing Directors
Thyssen AG
since January 4, 1997

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

Wilhelm Werhahn
Neuss
Entrepreneur

Wolfgang Ziemann
Essen

Alberto Abelli

Milan
Direttore Generale
Banca Commerciale Italiana
since July 1, 1997

Lionello Adler

Milan
until May 29, 1997

José Maria Amusátegui

Madrid
Presidente
Banco Central
Hispanoamericano S.A.

Dr.-Ing. Burckhard Bergmann

Essen
Deputy Chairman of the Board
of Managing Directors
Ruhrgas AG

Manfred Broska

Wiesbaden
Chairman of the Board of
Managing Directors
DBV – Winterthur
Holding AG

Hans-Dieter Clevén

CH-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

Peter J. B. Duncan

Hamburg
until March 31, 1997

Dr. Klaus Eierhoff

Essen
until December 31, 1997

Dr. Manfred Gentz

Stuttgart
Member of the Board of
Managing Directors
Daimler-Benz 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.-Ing. Hans-Peter Keitel

Essen
Chairman of the Board of
Managing Directors
HOCHTIEF Aktiengesellschaft
vorm. Gebr. Helfmann,
Member of the Board of
Managing Directors
RWE AG

Rainer Laufs

Hamburg
Chairman of the Board of
Managing Directors
Deutsche Shell AG
since August 1, 1997

Friedrich Lürssen

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

Dr. Siegfried Luther

Gütersloh
Member of the Board of
Managing Directors
Bertelsmann AG

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Wuppertal
General Partner
Vorwerk & Co.

Rudolf August Oetker

Bielefeld

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MANNESMANN AG

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Wetzlar
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Managing Directors
Buderus AG

Jürgen Radomski

Erlangen
Member of the Board of
Managing Directors
Siemens AG

Jürgen Reimnitz

Frankfurt am Main

Dr. Jürgen Strube

Ludwigshafen
Chairman of the Board of
Managing Directors
BASF Aktiengesellschaft

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Managing Directors
Schering AG

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Managing Directors

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Strategy and Controlling

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Real Estate

main branches
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Cologne
Erfurt
Hanover

Dietrich-Kurt Frowein

banking departments
Asset Management
Relationship Management

main branches
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Munich
Nuremberg

Dr. Peter Gloystein

banking department
Private Banking

main branches
Dresden
Düsseldorf
Leipzig
Mainz

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staff department
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banking department
Corporate Banking

main branches
Bielefeld
Dortmund
Essen
Wuppertal

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staff department
Organization

service departments
Information Technology
Global Operations

main branches
Mannheim
Stuttgart

Jürgen Lemmer

banking department
Treasury

regions abroad
United Kingdom
Ireland
Luxembourg
Far East
Middle East
North Africa

Klaus-Peter Müller

banking department
International Bank Relations

regions abroad
North and South America
Central and Eastern Europe

Klaus Müller-Gebel

staff departments
Legal Services
Human Resources

main branches
Bremen
Hamburg
Kiel

Klaus M. Patig

banking departments
Corporate Finance
Global Bonds
Global Equities

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

Dr. Axel Frhr. v. Ruedorffer

staff departments
Credit Risk Management
Internal Auditing
Compliance and Security

region abroad
Western Europe

Jochen Appell
Chief Legal Adviser
staff department
Legal Services

Hermann Beyer
staff department
Compliance and Security

Jürgen Carlson
banking department
International Bank Relations

Mehmet Dalman
banking department
Global Equities

Dr. Rudolf Duttweiler
banking department
Treasury

Dr. Rüdiger von Eisenhart-Rothe
banking department
Relationship Management

Régis Fraisse
banking department
Global Bonds

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staff department
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banking department
Real Estate

Wolfgang Hartmann
staff department
Credit Risk Management

Dr. Bernhard Heye
staff department
Human Resources International
Finance and Investment Banking

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banking department
Asset Management

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staff department
Strategy and Controlling

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Internal Auditing

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service department
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Corporate Finance

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Human Resources Group
Management

Heinz-Ludwig Wiedelmann
banking department
Private Banking

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**Managers of domestic
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Folker Streib

Bielefeld

Wolfgang Fischer
Heinrich Föste
Uhland Kraft

Bremen

Hans-Peter Finger
Werner Weimann
Jürgen Werthschulte

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Herbert Lottner
Wolfgang Präuner

Dortmund

Dieter Brill
Michael Fröhner
Otto Jäger

Dresden

Wilhelm von Carlowitz
Jörg Schauerhammer
Manfred Schlaak

Düsseldorf

Wolfram Combecher
Ulrich Hähner
Heinz-Martin Humme

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Hanover

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Volker Schönfeld
Wolf Wirsing

Kiel

Erhard Mohnen
Dr. Heiko Plate
Michael Schmid

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Horst Ahrens
Heinrich Röhrs

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Volker Tibi

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Madrid

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Mariano Riestra

Mumbai

Peter Kenyon-Muir
Ashok Tankha

New York

Hermann Bürger
Andreas Kleffel

Osaka

Tsunejiro Ishida

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Adolf Schittenhelm

Singapore

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Tokyo

Burkhardt Figge
Klaus Kubbetat

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Frankfurt am Main
Chairman

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Frankfurt am Main

Professor Dr. Jürgen Mittelstrass

Constance

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Frankfurt am Main/Hamburg

Hermann Josef Strenger

Leverkusen

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Hartmut Wallis

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Hans-Joachim Hahn

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Singapore**
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Hong Kong/Tokyo**
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Norbert Wenninger

**Caisse Centrale de Réesc compte
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Hervé de Boysson
Daniel Terminet
Pierre Vincent

**Jupiter International Group PLC
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John Duffield

**Montgomery Asset Management
San Francisco**
R. Steven Doyle
Mark Geist

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Mannheim
- Dr. Ulrich Brocker
General Manager
Verband der Metallindustrie
Baden-Württemberg e. V.
Stuttgart
- Honorary Senator
Dipl.-Ing. (FH) Klaus Fischer
Managing Partner
fischer Group
Waldachtal
- Urs Peter Fischer
Deputy Chief Executive,
Chief Financial Officer
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Böblingen
- Dieter Hebel
Chairman of the Board of
Managing Directors
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Schwäbisch Gmünd
- Reinhold Hendricks
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Managing Directors
Allianz Lebensversicherungs-AG
Stuttgart
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Matratzen- und
Polstermöbelfabriken
Gengenbach
- Dr. Hermut Kormann
General Manager
J. M. Voith GmbH
Heidenheim
- Dr. Hubert Lienhard
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and General Partner
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Head of Finance and
Accounting Department
Robert Bosch GmbH
Stuttgart
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Alcatel Deutschland GmbH
Stuttgart
- Hartmut Mehdorn
Chairman of the Board of
Managing Directors
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Heidelberg
- Dr. h.c. Adolf Merckle
Lawyer
Managing Partner
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Blaubeuren
- Arthur Nothdurft
Chairman of the Board of
Managing Directors
ALNO AG
Pfullendorf

- Hanns A. Pielenz
Managing Partner
Amann & Söhne GmbH & Co.
Bönningheim
- Professor Dr. Friedrich Reutner
Managing Director
FRIATEC AG
Mannheim
- Dipl.-Kaufmann Eberhard Risse
Member of the Executive Board
LuK GmbH & Co.
Bühl (Baden)
- Werner Ritzi
Member of the Board of Managing Directors
Schiesser AG
Radolfzell
- Dr.-Ing. Wendelin Wiedeking
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Managing Directors
Dr. Ing. h.c. F. Porsche AG
Stuttgart
- Dr. Hans-Peter Wild
Managing Partner
Rudolf-Wild-Werke
Eppelheim
- Kurt Wontorra
Managing Partner
Corposan Holding GmbH
Baden-Baden
- Dr. Stefan Ziffzer
General Manager
Georg von Holtzbrinck
GmbH & Co.
Stuttgart

Bavaria

- Frank Bergner, MBA
Managing Partner
Richard Bergner GmbH + Co.
Schwabach
- Dr. Werner Bos
Executive Director
Landesversicherungsanstalt
Schwabens
Augsburg
- Klaus Conrad
Principal Partner
Conrad Electronic GmbH
Hirschau
- Carl Friedrich Eckart
Managing Partner
Eckart-Werke
Standard-Bronzepulverwerke
Carl Eckart GmbH & Co.
Fürth (Bavaria)
- Dr. Robert Eckert
Chairman of the Board
of Managing Directors
Dr. Robert Eckert Schulen AG
Regenstauf
- Felix Fessel
Chairman of the Board of
Managing Directors
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Managing Partner
Schafstall Holding GmbH & Co. KG
Mülheim an der Ruhr
- Peter-Nikolaus Schmetz
Proprietor and Executive Manager
Ferd. Schmetz GmbH Spezialfabrik
für Nähmaschinenadeln
Herzogenrath
- Heinz G. Schmidt
Member 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
Bielefeld
- Michael Schröder
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
Helliweg Group
Die Profi-Baumärkte
Dortmund
- Dipl.-Ing. Walter Siepman
Managing Partner
Siepmann-Werke GmbH & Co. KG
Warstein
- Hans-Udo Steffen
General Manager
Johnson Controls GmbH
Burscheid
- Heinz Stickling
Partner
Nobilite-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
KAUTEX TEXTRON GmbH & Co. KG
Bonn
- Professor Dr. Helmut Thoma
General Manager
RTL plus Deutschland
Fernsehen GmbH & Co. KG
Cologne
- 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 Vowinkel
Senior Banker
European Bank for Reconstruction
and Development
London
- Dipl.-Ing. Dr. Wulf Warlitz
Dr. Witte & Partner GmbH
Siegburg
- Dipl.-Kaufmann Heinz Wiezorek
Member of the Supervisory Board
Coca-Cola GmbH
Essen
- Dipl.-Kaufmann Michael Wirtz
Managing Partner
Grünenthal GmbH,
Partner
Dalli-Werke Mäurer & Wirtz
GmbH & Co. KG
Stolberg (Rhineland)
- Horst Wortmann
Managing Partner
Wortmann Schuh Holding
GmbH & Co.
Detmold
- Horst-Peter Wuchold
Member of the Board of
Managing Directors
AVA Allgemeine Handelsgesellschaft
der Verbraucher
Aktiengesellschaft
Bielefeld
- Dipl.-Kaufmann Hans-Werner Zapp
Chairman of the Board of Directors
Robert Zapp GmbH & Co. KG
Düsseldorf
- Dipl.-Kaufmann Ulrich Ziolkowski
Member of the Board of
Managing Directors
Thyssen Industrie AG
Essen

Rhineland-Palatinate

- Dipl.-Kaufmann Manfred Berroth
Member of the Board of
Managing Directors
Pfalzwerke AG
Ludwigshafen
- Helmut Fahlbusch
Spokesman of the Board
of Managing Directors
Schott Glaswerke
Mainz
- Dipl.-Ing. Harald Fissler
Chairman of the Executive Board
Fissler AG Luxembourg,
General Manager
VESTA AG & Co. oHG
Idar-Oberstein
- Dr. Heinz Geenen
Managing Partner
KANN GmbH & Co. KG
Baustoffwerke
Bendorf
- Dipl.-Kaufmann Harald Grunert
Chief Financial Officer
BASF AG
Ludwigshafen
- Karlheinz Röthemeier
Spokesman of the Executive Board
Verlagsgruppe Rhein Main
GmbH & Co. KG
Mainz
- Dr. Claus D. Rohleder
Managing Partner
C. H. Boehringer Sohn
Ingelheim
- Dr. Wolfgang Schuppli
Lawyer
Wiesbaden
- Dipl.-Volkswirt Rudi Sölch
Deputy Director of Programmes
Administrative Director
ZDF
Mainz
- Herbert Verse
Chairman of the Board of
Managing Directors
Eckes AG
Nieder-Olm
- 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

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)

Georg Weisweiler
Lawyer
Homburg (Saar)

Dipl.-Kaufmann Michael G. Ziesler
Member of the Board of
Managing Directors
Saarbergwerke AG
Saarbrücken

Saxony

Dipl.-Ing. Albrecht Bolza-Schünemann
Chairman of the Board of
Managing Directors
KBA-Planeta AG
Radebeul

Gerd G. Heuss
Spokesman of the Executive Board
Volkswagen Sachsen GmbH
Mosel

Dr.-Ing. Klaus-Ewald Holst
Chairman of the Board of
Managing Directors
Verbundnetz Gas AG
Leipzig

Dipl.-Kaufmann Heinz-Jürgen Preiss-Daimler
Managing Partner
P-D Management Consulting GmbH
Bitterfeld

Ernst Wilhelm Rittinghaus
Member of the Board of
Managing Directors
Sachsenring Automobiltechnik AG
Zwickau

Dr. Wolfgang Vehse
Staatssekretär
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

Carsten Dencker Nielsen
Managing Director
The East Asiatic Company Ltd. A/S
Copenhagen/Denmark

Dr. Hans Heinrich Driftmann
General Partner
Peter Kölln Köllnflockenwerke
Elmshorn

Dipl.-Kaufmann Klaus Peter Hanke
General Manager
NEUMAG – Neumünstersche
Maschinen- und Anlagenbau GmbH
Neumünster

Dr. Rudolf Hartmann
Chairman of the Supervisory Board
Grace GmbH
Norderstedt

Dr. 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
Managing Partner
Garant Türen- und Zargen
Produktions- und Handels GmbH
Ichtershausen/Thörey

Andreas Trautvetter
Minister of Finance
Free State of Thuringia
Erfurt

As of February 4, 1998

**Major financial holdings
of Commerzbank AG**

At home

**RHEINHYP Rheinische
Hypothekebank AG**

Frankfurt am Main
Capital:
DM1.5bn **97.8%**

**Hypothekebank
in Essen AG**

Essen
Capital:
DM683.6m **51.0%**

Bankhaus Bauer AG

Stuttgart
Capital:
DM30.5m **83.7%²⁾**

comdirect bank GmbH

Quickborn
Capital:
DM37.5m **100.0%**

**Deutsche
Schiffsbank AG**

Bremen/Hamburg
Capital:
DM336.8m **40.0%**

**Leonberger
Bausparkasse AG**

Leonberg
Capital:
DM410.8m **40.1%**

**DBV-Winterthur Holding
AG**

Wiesbaden
Capital:
DM1.1bn **15.2%¹⁾**

Leasing and holding companies

**CommerzLeasing und
Immobilien GmbH**

Düsseldorf
Capital:
DM61.7m **100.0%**

**Commerz Beteiligungs-
gesellschaft mbH**

Bad Homburg v.d.H.
Capital:
DM1.0m **100.0%**

**Commerz Unternehmens-
beteiligungs-AG**

Frankfurt am Main
Capital:
DM147.9m **40.0%**

Asset management companies

**ADIG Allgemeine
Deutsche Investment-
Gesellschaft mbH**

Munich/Frankfurt am Main
Capital:
DM227.2m **42.7%²⁾**

**Commerzbank Investment
Management GmbH**

Frankfurt am Main
Capital:
DM28.1m **100.0%**

**Commerz Grundbesitz-
Investmentgesellschaft
mbH**

Wiesbaden
Capital:
DM31.2m **75.0%**

**Commerz International
Capital Management
GmbH**

Frankfurt am Main
Capital:
DM23.4m **100.0%**

Capital = equity capital

¹⁾ indirect; ²⁾ partly indirect; ³⁾ place of business: Boston; ⁴⁾ place of business: San Francisco.

Abroad

Commerzbank (Budapest) Rt. Budapest Capital: Ft8.1bn 100.0%	Commerzbank Europe (Ireland) Dublin Capital: DM719.1m 59.7%	Commerzbank International S.A. Luxembourg Capital: DM1.7bn 100.0%	Commerzbank (Nederland) N.V. Amsterdam Capital: Dfl345.8m 100.0%
Commerzbank (Switzerland) Ltd Zurich Capital: Sfr178.1m 100.0%	Commerzbank (South East Asia) Ltd. Singapore Capital: S\$136.2m 100.0%	Commerzbank Capital Markets Corporation New York Capital: US\$48.0m 100.0%	Commerz (East Asia) Ltd. Hong Kong Capital: DM105.8m 100.0%¹⁾
Commerz Securities (Japan) Company Ltd. Hong Kong/Tokyo Capital: ¥8.4bn 100.0%	Hispano Commerzbank (Gibraltar) Ltd. Gibraltar Capital: £6.2m 49.9%	Wood & Company s.r.o. Prague Capital: Kc303.0m 25.0%¹⁾	WoodCommerz a.s. Prague Capital: -Kc1.0bn 62.5%²⁾
Banca Commerciale Italiana SpA Milan Capital: Lit8,839.0bn 3.0%¹⁾	Banco Central Hispano- americano S.A. Madrid Capital: Ptas462.4bn 4.9%¹⁾	Bank Rozwoju Eksportu SA Warsaw Capital: Zl961.9m 48.7%	Banque Marocaine du Commerce Extérieur Casablanca Capital: DH1.4bn 10.0%
Erste Bank der oesterreichischen Sparkassen AG Vienna Capital: ASch18.3bn 2.0%¹⁾	Korea International Merchant Bank Ltd. Seoul Capital: W254.3bn 23.6%	P.T. Bank Finconesia Jakarta Capital: Rp118.3bn 23.9%	Unibanco – União de Bancos Brasileiros S.A. São Paulo Capital: R\$2.2bn 7.5%¹⁾

Asset management companies

Caisse Centrale de Réescmpte, S.A. Paris Capital: Ffr764.9m 92.1%	Commerzbank Asset Management Asia Ltd. Singapore Capital: S\$1.1m 100.0%¹⁾	CICM Fund Management Ltd. Dublin Capital: Ir£2.2m 100.0%¹⁾	Commerz International Capital Management (Japan) Ltd. Tokyo Capital: ¥181.5m 100.0%¹⁾
Jupiter International Group PLC London Capital: £73.4m 97.2%¹⁾	Martingale Asset Management, L.P. Wilmington/Delaware ³⁾ Capital: US\$2.0m 60.0%¹⁾	A.L.S.A. ADIG-Investment Luxemburg S.A. Luxembourg Capital: DM184.2m 48.2%²⁾	Capital Investment Trust Corporation Taipei Capital: NT\$335.0m 20.0%
Montgomery Asset Management, LLC Wilmington/Delaware ⁴⁾ Capital: US\$16.6m 89.6%			

