COMMERZBANK

ANNUAL REPORT 2000

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2000

COMMERZBANK GROUP

HIGHLIGHTS OF COMMERZBANK GROUP

	2000	**1999**	**1998**
Earnings per share (€)	2.59	1.83	1.91
After-tax return on equity (%)	12.4	9.3	10.4
Cost/income ratio (%)	65.2	68.5	63.0
Share price (€) High	47.49	36.70	38.86
Low	28.05	24.04	20.68
Book value per share (€)	23.48	21.70	19.82
Number of shares outstanding (million units)	541.8	513.6	496.1
Market capitalization (€ bn)	16.74	18.72	13.57

SHORT/LONG-TERM RATING			
Moody's Investors Service, New York	P-1/AA3	P-1/AA3	P-1/AA3
Standard & Poor's, New York	A-1+/AA- *	A-1+/AA-	A-1+/AA-
Fitch IBCA, London	F1/A+	F1+/AA-	F1+/AA-

*) since February 14, 2001: A-1/A+

STAFF	**39,044**	**34,870**	**32,593**
Germany	31,716	30,557	28,642
Abroad	7,328	4,313	3,951

Balance-sheet total (€ m)	459,662	372,040	326,211
Risk-weighted assets according to BIS (€ m)	220,160	187,709	172,117
Equity (€ m)	12,523	11,141	10,060
Liable funds (€ m)	23,653	20,103	16,166
Core capital ratio according to BIS (%)	6.5	6.3	6.3
Overall capital ratio according to BIS (%)	9.9	9.7	8.7

INCOME STATEMENT (€ M)			
Net interest income	3,516	3,207	3,104
Provision for possible loan losses	-685	-689	-881
Net interest income after provisioning	2,831	2,518	2,223
Net commission income	2,724	2,193	1,671
Trading profit	949	592	413
Result on financial investments	80	595	553
Operating expenses	5,477	4,476	3,612
Other operating result	1,127	-51	-8
PRE-TAX PROFIT	**2,234**	**1,371**	**1,240**
Taxes	823	396	298
AFTER-TAX PROFIT	**1,411**	**975**	**942**
Minority interests	-69	-64	-50
NET PROFIT	**1,342**	**911**	**892**
Payout	542	411	380

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2000

COMMERZBANK GROUP

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TO OUR SHAREHOLDERS

**MARTIN KOHLHAUSSEN
CHAIRMAN OF THE BOARD
OF MANAGING DIRECTORS**

"COMMERZBANK IS ON A SUCCESSFUL COURSE.

IT WILL BUILD FURTHER UPON ITS POSITION AS A MAJOR EUROPEAN FINANCIAL GROUP.

OUR TARGET REMAINS A SUSTAINED AFTER-TAX RETURN ON EQUITY OF AT LEAST 15%."

With a focused strategy and a new structure for our Group emphasizing Commerzbank's traditional strengths, we got off to a good start in 2001. We now have last year's turbulent phase behind us. With an increase of almost 50%, we have achieved the largest profit in the Bank's history, and we want to share it with you, our shareholders, in the form of a record distribution of €542m. We should like to express our special thanks to the employees of the Commerzbank Group, who contributed substantially to this result and did not waver during this truly difficult period.

After reaching new record highs in March of last year, the performance of the Commerzbank share from the second quarter onwards disappointed private and institutional investors. A group of financial investors made Commerzbank the target of their activities, thereby unsettling other investors or even discouraging them from buying Commerzbank shares. We have held numerous discussions with the Rebon/CoBRa group since last April without being able to elicit any notable ideas or suggestions from them. Although we basically have nothing against speculative investments, we are naturally unable to assume any responsibility if the goal of such speculation – namely, of realizing a sizeable short-term profit – remains unfulfilled.

As from the end of May, we took the initiative and held discussions with our Frankfurt neighbour, Dresdner Bank, on whether advantages could be realized through possible cooperation in various areas right up to a full merger. During the two months of exploratory talks, some interesting shared perspectives were worked out, but we were unable to produce a conception that took the interests of all those involved into account.

The keen competition in Germany and in the international financial markets calls for our focused attention. Since January of this year, our strategic discussions have been reflected in a fresh customer-oriented structure for our organization. Two twin pillars consisting of Retail Banking and Asset Management, on the one hand, and Corporate and Investment Banking, on the other, form our two operative corporate divisions. This grouping will produce considerable potential synergies in marketing, product development and distribution. Despite the adjustment costs, the realignment will already produce positive profit contributions in the current year.

We have summarized all the effects generated by the new structure as well as other measures for improving profitability in the project "CB 21 – Commerzbank in the 21st century". By means of a clear target-group orientation and a focus on core competencies, and also through cost savings thanks to concentration, we intend to improve the Bank's pre-tax profit by roughly one billion euros within the next three years. Our target remains a sustained after-tax return on equity of at least 15%.

Nevertheless, we will register further high levels of investment in information technology (IT) over the next few years. IT is a strategic factor behind our success. Our primary goal here is to make the entire Group e-capable, for in Europe we want to remain one of the leading internet banks. Here our Commerz NetBusiness AG plays a key role. Its brief is to explore new technologies, partnerships, business models and equity investments for the Group. At our AGM, therefore, we are requesting your approval for a control and profit-and-loss transfer agreement with this company.

BY SHAREHOLDER VALUE WE UNDERSTAND THE HARMONY DERIVING FROM

- SATISFIED, LOYAL CUSTOMERS
- MOTIVATED, COMMITTED AND WELL-TRAINED EMPLOYEES

AND

- CONVINCED SHAREHOLDERS

WHILE MEETING OUR SOCIAL RESPONSIBILITY.

At the request of 40 shareholders, we were obliged to place on the agenda four resolutions, all of which we consider to be groundless. Wherever these topics have been dealt with in a court of law, our legal standpoint has already been entirely confirmed. I ask you, therefore, to reject these resolutions in the interest of Commerzbank.

At the Annual General Meeting on May 25, 2001, in 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. In the enclosed invitation to the AGM, you will find further explanations on the individual points of the agenda.

In the coming years, our AGM will take place on May 31, 2002 and May 30, 2003 – both to be held in Frankfurt am Main.

End-March 2001

Martin Kohlhaussen

COMMERZBANK IS A PROFITABLE BANK WITH A CLEAR AND WELL-DEFINED COMPETITIVE POSITION.

SURVEY OF THE COMMERZBANK GROUP

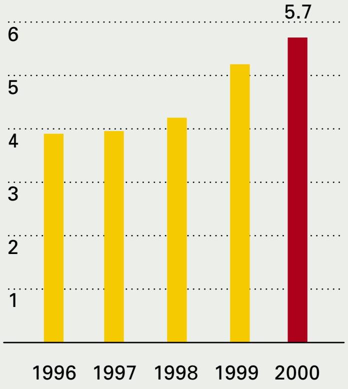
AN UPSWING IN THE ECONOMY

As a provider of financial services, we had a relatively favourable environment last year thanks to economic performance. At 3%, real GDP growth in Germany was twice the average for the nineties. The largest boost came from exports, which advanced by a real 13%. This primarily reflected the strong expansion in world trade, but also the improved price competitiveness due to the euro's depreciation. Apart from exports, investment in machinery and equipment also fuelled growth; in real terms, it rose by almost 10%. Once again, the adjustment crisis in construction acted as a damper, and private consumption growth was also weak.

In the labour market, stronger growth proved highly positive. From year-end to year-end, employment rose by 500,000 and the jobless total declined by about 250,000. The generally favourable picture was clouded, however, by a deterioration in the price climate. With oil prices up considerably and import prices higher due to depreciation, consumer-price inflation reached 1.9%, compared with 0.6% a year earlier.

CUSTOMERS WITH THE COMMERZBANK GROUP

in millions



In 2001, the upswing seems likely to continue, though at a slower pace. For one thing, the world-economic setting is not as positive, above all on account of weaker economic activity in the United States. For another, the European Central Bank tightened the monetary reins perceptibly last year. At the same time, though, Germany's tax reform is having a stimulating effect. Overall, we expect growth of 2% for Germany and 2½% for the euro-zone. This scenario formed the basis of our planning for 2001, which we discuss in detail in the chapter Our share, strategy and outlook.

STRONG BUSINESS EXPANSION

The balance-sheet total of the Commerzbank Group expanded by a solid 24% to €460bn in the year 2000. This was primarily thanks to the Parent Bank, which registered an increase of €67bn. The consolidation for the first time of BRE Bank SA, Warsaw, added €4.3bn.

The higher volume is the result, for one thing, of more intensive interbank business, where claims on banks rose by almost €25bn to €75bn; interbank borrowing expanded by €31bn to €104bn. This above-average rise also has to be seen in connection with our increased activities in securities lending and in securities transactions involving repurchase or re-transfer agreements (repos). Basically, these are used in the Bank's liquidity management.

For another thing, our lending to customers also expanded considerably. Claims, especially in the short and medium-term brackets, rose by a good €21bn to €225bn, a large percentage of which were loans to small and medium-sized enterprises (SMEs). We boosted customers' deposits by an encouraging €17bn to €108bn, with the emphasis on sight deposits and short-term time deposits.

In our borrowing, securitized liabilities continue to play the major role. We raised them by a strong €23bn to €180bn, primarily at the Parent Bank and the mortgage banks.

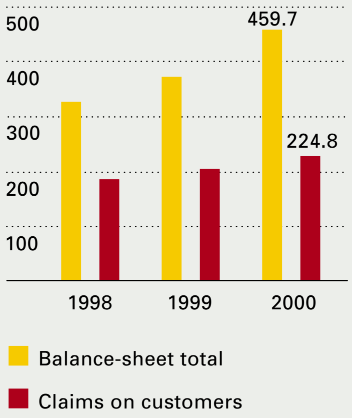
MORE INTENSIVE TRADING ACTIVITIES

The 55% increase to €70bn in assets held for trading purposes reflects the further growth in our investment-banking activities. The equities portfolio expanded above all at the Parent Bank and at Commerzbank Capital Markets in New York.

Financial investments advanced €14bn to reach €76bn. Bonds and notes were increased by almost €13bn, and investments are shown €1.8bn higher. Additions relate in particular to the strategic area. For example, we acquired an interest of 2.1% in T-Online International AG, which in return took up a stake in comdirect bank. In addition, we raised our shareholdings in Banco Santander Central Hispano (BSCH), Banca Intesa and Mediobanca. Prominent among disposals is our 10% interest in Bank Handlowy, which we sold in the spring.

BALANCE-SHEET TOTAL AND CLAIMS ON CUSTOMERS

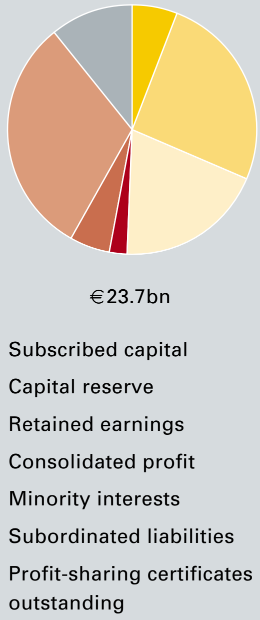
in € bn



LIABLE FUNDS

Commerzbank Group

end-2000



EQUITY BASE BROADENED

In a year-on-year comparison, our equity – including the consolidated profit and the allocation to reserves from the 2000 net profit – was 12.4% higher, at €12.5bn. The substantial broadening of the capital base was absolutely necessary in view of our strong business expansion. Apart from the issue of shares to our staff, its growth is due above all to the capital increases taken over by Generali in a total amount of almost one billion euros – partly in cash form, partly through the transfer of BSCH shares. However, in accordance with the International Accounting Standards, we had to subtract from our equity at year-end the €258m of treasury shares which we held. All told, the number of shares issued now stands at 541.8m.

We also raised our subordinated capital again, by a fifth to just under €10bn. Altogether, our liable funds now amount to €23.7bn.

The Bank's core capital ratio according to BIS reached 6.5% by the end of last year and the aggregate capital ratio 9.9%. In the meantime, we have applied for recognition as a financial holding company in the United States; for this purpose, a core capital ratio of at least 6% is required. Our goal is a sustained 6.5%, which we consider appropriate in the European competitive context.

EARNINGS PERFORMANCE REFLECTS CAPITAL MARKETS

Overall, we are satisfied with our results in 2000; all the same, the weakness of the stock exchange has left its mark on our earnings performance.

As a result of business expansion, our net interest income rose 9.6% to €3.52bn. Here we achieved excellent results above all in the second and third quarters. By contrast, the final quarter was hit by the loss registered at Korea Exchange Bank (KEB), which – in view of our stake – amounted to just over €100m of our net interest income.

We have allocated altogether €685m for provisioning purposes, compared with €689m in the previous year. For one thing, this reflects extra value adjustments in German corporate-customer business at our mortgage banks; generally in our branch business, though, we are registering a marked downward trend.

For another, we have decided to add to our country value adjustments. Thanks to large-scale IMF rescue packages, the looming problems of Argentina and Turkey last autumn have been defused, at least temporarily. In view of recent developments, however, we have made greater provision for Turkey than previously planned.

NET COMMISSION INCOME ENCOURAGING

Net interest income after provisioning rose by 12.4% to €2.83bn. Net commission income, advancing 24.2% to €2.72bn, reached practically the same level. The increase was primarily due to brisk securities business during the first half of the year; here the Parent Bank and comdirect were especially successful. This becomes evident from the number of securities transactions: last year, we handled more than 20m orders, roughly twice as many as in 1999.

In asset management, net commission income was €90m higher, mainly on account of the inclusion in our income statement of ADIG and the Luxembourg-based ALSA for the first time. Both the British Jupiter International Group and our American asset manager Montgomery registered a decline in their commission income.

Trading activities yielded €949m, 60% more than in 1999. At €578m, the lion's share came from trading in equities and other price risks. Foreign-exchange dealing contributed €161m to the overall result, also buoyed by the lower US dollar in December. In our trading with interest-rate risks, we achieved €210m; this segment alone recorded a decline compared with 1999.

The result on financial investments was €80m. A year earlier, it had been considerably higher at €595m, mainly due to the disposal of our DBV-Winterthur shareholding.

STRUCTURE OF PROVISION FOR POSSIBLE LOAN LOSSES

Commerzbank Group, in € m	2000	1999	1998
Germany	529	522	395
Abroad	148	89	394
Global provision	8	78	92
Total net provision	685	689	881

INVESTMENT REMAINS HIGH IN INFORMATION TECHNOLOGY

Among operating expenses, personnel costs climbed by 25% to €3.01bn. We registered a sizeable increase of €315m or 75% for bonuses, representing the price to be paid for our more intensive investment-banking activities and the Bank's ever stronger international orientation. Our workforce was 4,174 larger than at end-1999, totalling 39,044. Of these, 2,504 were added through the first-time consolidation of BRE Bank.

Other operating expenses rose by practically 18% altogether to €1.97bn; at the Parent Bank, we registered a moderate rise of 5.9%. By contrast, costs tripled at comdirect bank, which, for one thing, moved into its additional site in Kiel and, for another, extended its activities to the UK and France. The rates of increase are high at our investment-banking and asset-management units. We have tolerated them because these investments in technological infrastructure and know-how are indispensable. Altogether, our operating expenses rose by a good 22% to €5.48bn.

It remains one of our key goals to limit the rise in costs. We are confident that the structural adjustments and streamlining measures which we have introduced will allow us to make progress in this respect.

COMMERZBANK'S SHAREHOLDINGS IN THE NON-FINANCIAL SECTOR

Alno AG
Pfullendorf/Baden
29.4%

Buderus AG
Wetzlar
10.5%

Heidelberger Druckmaschinen AG
Heidelberg
9.9% ¹)

Linde AG
Wiesbaden
10.0%

MAN AG
Munich
6.5% ²)

PopNet Internet AG
Hamburg
13.9% ²)

Sachsenring Automobiltechnik AG
Zwickau
10.0% ²)

1) held indirectly and directly
2) held indirectly

5% of capital and above;
as of December 31, 2000

The other operating result primarily represents income and expenses from building and architects' services, allocations to and write-backs of provisions, the amortization of goodwill, and income from the disposal of fixed assets. Last year, this item was strongly influenced by the proceeds of €1.22bn from a capital increase and the IPO of comdirect bank (first half-year: €856m, second half-year: €360m). All told, we achieved a balance of €1.13bn here.

PROFITS DECLINE IN FINAL QUARTER

In the first three months of 2000, we achieved a pre-tax profit of €598m. With the proceeds from comdirect's IPO included, the second quarter yielded €1,300m. In the third quarter, we posted a profit of €518m. By contrast, business performance and year-end accounting for the months of October to December produced a negative pre-tax result of €182m.

Various factors contributed to this development. Due to the weakness of the stock markets, our commissions and trading profits were lower than in the previous quarter. Net interest income before provisioning was almost €100m down on the third quarter. Operating expenses were €241m higher than in the third quarter. In addition, we stepped up our provisioning.

PRE-TAX PROFIT UP BY TWO-THIRDS

Our pre-tax profit for the year as a whole was €2.23bn, almost two-thirds or €863m higher than in 1999. Tax payments even more than doubled, from €396m a year previously to €823m – due not least to the structure of our results, with much higher earnings in Germany.

Once taxes and the €69m profit attributable to minority interests have been deducted, a net profit of €1.34bn is left, representing earnings per share of €2.59, compared with €1.83 in 1999. With a return on equity of 12.4%, we have come much closer to our target of 15%. A year earlier, it stood at 9.3%. Our cost/income ratio of 65.2% also marked an improvement. In 1999, it was 68.5%, even farther removed from our target of 60%.

RECORD DISTRIBUTION AND ALLOCATION TO RESERVES

The net profit for the year enables us to allocate a record €800m to reserves. We will propose to the Annual General Meeting that an unchanged dividend of €0.80 and a bonus of €0.20 be paid. Through the bonus, we want our shareholders to participate in the proceeds from comdirect's stock-exchange launch. With the tax credit included, the payment is €1.43 per share. The overall dividend payout has risen sharply from €411m to €542m, also due to the higher number of shares.

In addition, we want our employees to benefit from the good results. As part of the annual offer of shares to our staff, each employee who subscribes to at least 15 shares will receive another 15 bonus shares.

DETAILED SEGMENT REPORTING BY BUSINESS AREA

We have made our figures far more transparent by basing our segment reporting on business areas (see Notes, pages 92-95). Instead of the aggregated corporate divisions, we now show the segments Retail Banking, Asset Management, Securities and Treasury separately. At the same time, we present Corporate Banking as a single segment, which also includes Corporate Finance, International Bank Relations, Relationship Management and Real Estate.

The strongest profit contribution of €759m was made by the Retail Banking department. This figure included proceeds from the comdirect IPO. With €1.58bn of capital tied-up, the return on equity was a high 48.2%. At 53.6%, the cost/income ratio was decidedly low.

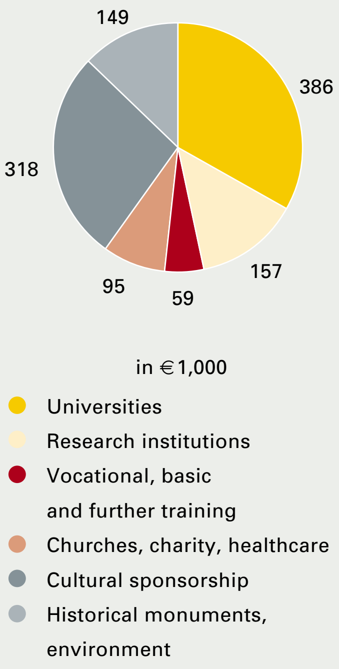
The Corporate Banking and Institutions segment registered the highest contribution from operative business. However, in view of the high level of €6.02bn of capital tied-up, the result of €519m translates into a single-digit return of 8.6%.

COMMERZBANK FOUNDATION IN THE YEAR 2000

The Commerzbank Foundation was set up in 1970 on the occasion of the Bank's 100-year anniversary. Its initial capital of DM5m was increased several times and was doubled when the Bank celebrated its 125th birthday. Last December, it was raised by a further €5m. All told, the Foundation's capital now amounts to practically €26m.

In the year 2000, the Foundation registered its second-highest level of support for projects, donating altogether €1,164,000. This was distributed as follows:

VOLUME OF SUPPORT, 2000



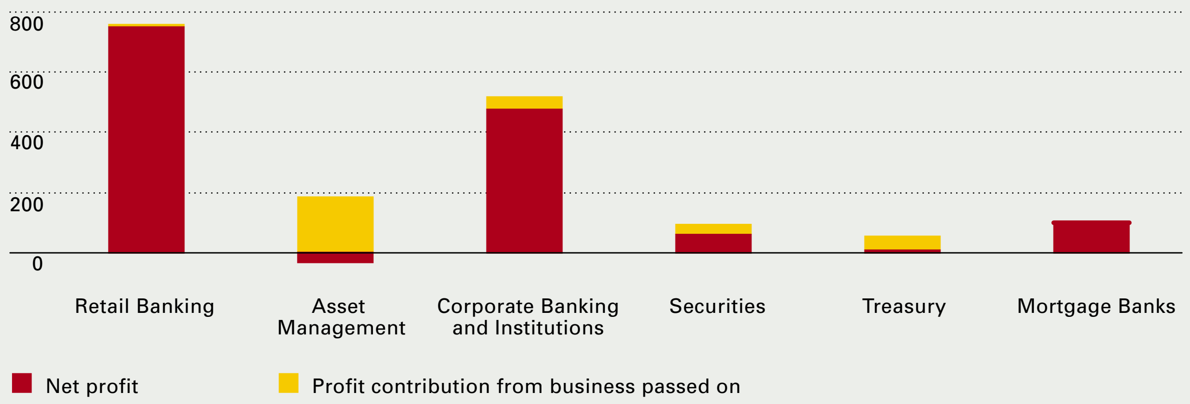
Despite a negative net profit of €39m, the Asset Management department achieved an internal accounting result of €148m thanks to its large profit contributions from business passed on. These are earnings attributable to two departments jointly and which can therefore be assigned to each of them. This double counting is eliminated in the consolidation. With a very low level of capital tied-up, Asset Management achieved an above-average return of 34.9%; however, its cost/income ratio of 105.2% is far too high.

The development and rapid expansion of the Securities department continue to cause high costs. As the trading profit rose and commission income was good, we achieved a net profit of €96m here. At 7.1% and 90.3%, respectively, the return on equity and the cost/income ratio both still fall short of our targets. The same holds true for Treasury and Financial Products, which had a return on equity of 9.4% and a cost/income ratio of 93.4%.

Once again, the mortgage banks produced a solid profit contribution. Their net profit of €101m led to a return on equity of 9.4% and another very low cost/income ratio of 29.1%.

SEGMENT REPORTING 2000

in € m



QUARTERLY RESULTS

2000 BUSINESS YEAR

in € m	1st quarter	2nd quarter	3rd quarter	4th quarter	Entire year
Net interest income before provisioning	757	939	950	870	3,516
Provision for possible loan losses	-141	-115	-141	-288	-685
Net interest income after provisioning	616	824	809	582	2,831
Net commission income	751	672	652	649	2,724
Trading profit	360	240	151	198	949
Result on financial investments	67	4	93	-84	80
Income	1,794	1,740	1,705	1,345	6,584
Operating expenses	1,198	1,272	1,383	1,624	5,477
Other operating result	2	832	196	97	1,127
Pre-tax profit	**598**	**1,300**	**518**	**-182**	**2,234**
Taxes on income	217	557	157	-108	823
After-tax profit	**381**	**743**	**361**	**-74**	**1,411**
Profit/loss attributable to minority interests	-17	-12	-18	-22	-69
Net profit for the period	**364**	**731**	**343**	**-96**	**1,342**

1999 BUSINESS YEAR

in € m	1st quarter	2nd quarter	3rd quarter	4th quarter	Entire year
Net interest income before provisioning	920	773	754	760	3,207
Provision for possible loan losses	-153	-154	-153	-229	-689
Net interest income after provisioning	767	619	601	531	2,518
Net commission income	456	501	554	682	2,193
Trading profit	188	203	223	-22	592
Result on financial investments	46	56	-8	501	595
Income	1,457	1,379	1,370	1,692	5,898
Operating expenses	987	1,053	1,150	1,286	4,476
Other operating result	0	0	-5	-46	-51
Pre-tax profit	**470**	**326**	**215**	**360**	**1,371**
Taxes on income	113	153	66	64	396
After-tax profit	**357**	**173**	**149**	**296**	**975**
Profit/loss attributable to minority interests	-17	-16	-18	-13	-64
Net profit for the period	**340**	**157**	**131**	**283**	**911**

WITH THE CORPORATE DIVISION RETAIL BANKING AND ASSET MANAGEMENT, WE ARE UNDERLINING THE SHIFT IN EMPHASIS TOWARDS THE MANAGEMENT AND DEVELOPMENT OF ASSETS.

RETAIL BANKING AND ASSET MANAGEMENT

Since the start of the year, Commerzbank's organization has been geared even more closely to customer groups. With the new corporate division Retail Banking and Asset Management, we have underlined the shift of emphasis in private customer business towards the management and development of assets, manifesting itself nationally and internationally for a number of years. We are meeting the needs of our customers by creating additional distribution channels, improving access to the Bank.

RETAIL BANKING DEPARTMENT

DYNAMIC GROWTH IN ALL SECTIONS

The systematic focus on retail, individual, small business and private banking customers as well as the concentration on core competencies such as the investment of assets, real-estate financing and online banking yielded an outstanding result for us last year.

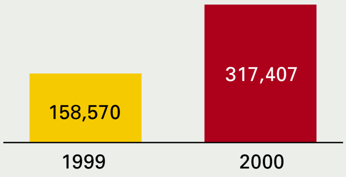
By establishing a data-warehouse in 1999, we laid the foundation for an improved and more active relationship with customers, which is fully effective in the meantime.

RETAIL BANKING DEPARTMENT

	2000
Equity tied-up (€ m)	1,576
Return on equity	48.2%
Cost/income ratio	53.6%

SUCCESSFUL ONLINEBANKINGWEB

Number of customers end-1999 and end-2000



Last year, our customers performed 5.1m homebanking transactions (domestic and cross-border payments, security purchases and subscriptions),compared with 1.14m in 1999. Requests for information also surged (current-account and credit card turnover); while we received 7.3m in 1999, the total in 2000 was 39.1m.

Every new product is preceded by thorough target-group analysis and is designed to meet the needs of individual clients. As a result, we gained about 150,000 new customers (106,000 in 1999) – a remarkable figure in a market that is already largely divided up and in which competition is keen. We also benefitted from our regular customer-satisfaction surveys and test buying, which give us valuable data for improving quality. The findings of the latest survey are highly encouraging. They reveal an unchanged above-average level of satisfaction for our customers compared with those of other institutions. We are proud that this is the case.

CONSIDERABLE POTENTIAL IN PRIVATE BANKING

The special service for private-banking clients provided by a team of highly-qualified specialists is now offered nationwide in 20 locations. Adopting an approach strictly geared to actual needs, we have been able to gain many customers in this fiercely contested segment. In many cases, the basis for a more advanced client relationship is laid by a financial plan prepared by our subsidiary Commerz Finanz-Management. CFM has successfully maintained its position as German market leader in this area.

VARIOUS DISTRIBUTION CHANNELS

Demand for our internet banking service remains strong. The number of users doubled again last year, to more than 300,000. We intend to systematically add to our online services, ranging from requests for information to payments and securities transactions, so that customers will find more and more of the services offered by their “real” branch offices at Commerzbank's “virtual” branch as well. With all the distribution channels becoming increasingly linked, customers will find it ever easier to use banking services through a branch, by telephone or via internet. In telephone banking, the number of users rose 65% to 480,000.

LIVELY DEMAND FOR SPARCARD

Since last September, we have offered our deposit-account customers a new service based on the Commerzbank SparCard. Within four months, no less than 130,000 of them ordered this card, giving them access throughout Europe to their savings accounts from all ec cash dispensers, and thus independently of branch opening hours. At the same time, the card can be used for all of Commerzbank's account statement printers.

THE RETAIL BANKING DEPARTMENT INCLUDES

comdirect bank AG
Quickborn
58.7%

Commerz Finanz-Management GmbH
Frankfurt am Main
100.0%

Commerz Service Gesellschaft für Kundenbetreuung mbH
Frankfurt am Main
100.0%

CHANGES IN SECURITIES BUSINESS

We have added further to our capacity in securities business with its intensive counselling needs. Apart from the deployment of extra specialist staff, the main focus here is on the recently introduced information brokerage service. It makes available upon request a selection of new, high-quality items of stock-exchange information, thereby supporting or facilitating investment decisions.

With such innovative ADIG fund products as Global Expert, Asiavision, the @tec family, Biotech and Global New Stocks, we have acquired a net €3bn of new investment. In future, we will add funds from other companies to our palette in order to give our customers more alternatives. Our open-ended property fund Haus-Invest is a basic investment for every diversified portfolio.

The new tax environment has radically altered the market for investment schemes with a creative tax component. Our clients are opting for closed-end property funds not only for tax reasons but increasingly because of their intrinsic value as assets. As a leading source of structured closed-end funds, we were able to improve the previous year's good placement result by another 50%. In this area as well, we have complemented the product range of our subsidiary Commerz Fonds Beteiligungsgesellschaft with selected, critically tested products from other companies.

NEW DIMENSION IN BANCASSURANCE

The start of insurance brokerage activities by Volksfürsorge, a member of the Aachener-Münchener Group, in mid-February last year completed the switch in our bancassurance partners. The results of the first business year completely lived up to expectations. We have extended the product range through fund-based insurances, which were very much in demand. In line with the market trend, the year-ago results could not be repeated in the home loan savings business which we passed on, despite a pick-up in the second half of 2000. However, the introduction of new rates with attractive product features makes us confident for the future.

The distribution of bank products by AM companies and Deutsche Vermögensberatung, launched in 1999, continued to develop well. The volume of business passed on already exceeded €500m last year.

In the autumn, the AM Group and Commerzbank agreed to step up their cooperation considerably. As part of a new distribution model, up to 850 insurance and home loan savings specialists are to advise customers in our branches in the next five years. At the same time, banking centres are being established at 250 insurance agencies, where our banking products will be offered to insurance policyholders. This extension of advisory services, the new quality of client relationships which it involves, and the focus on core competencies in providing advice will significantly improve the earnings potential of bancassurance operations for both partners.

IMPROVED ADVISORY SERVICE

New competitors, mergers, greater market and price transparency and also alternative distribution channels in the form of direct banks and the internet are posing great challenges for traditional branch business. Ultimately, we can only maintain a positive edge over our rivals through our sound expertise in such key issues as provision for old age, investment and financing. In the long run, constant further training of our staff and the concentration of expertise in advisory centres, combined with the creation of stable branch units, are the sole means of ensuring high-quality counselling and achievement of our profitability targets.

Above all in major cities, we frequently also have too dense a branch network with too few potential customers. We will therefore continue to merge smaller branches to form larger units offering more advice, while maintaining a nationwide presence.

COMDIRECT BANK REMAINS MARKET LEADER

comdirect bank, in which we have a 58.7% interest after last year's IPO, has defended its position as Germany's and Europe's largest online broker. Its total number of customers rose by over 300,000 to altogether 577,000 by year-end. At the same time, the number of securities orders executed surged to over 10.3m.

With the start of operations in the United Kingdom and France, comdirect bank is now becoming ever more strongly European. It will enter the Italian market this year.

The strategic goal of comdirect is to step up its online brokerage and to add other financial services. That

PARENT BANK: BUSINESS INVOLVING PRIVATE CLIENTS

year-end figures	1996	1997	1998	1999	2000
Private clients	2,557,400	2,595,300	2,724,700	2,793,300	2,930,400
Individual clients	721,200	752,400	766,000	803,400	824,200
Custody accounts	891,600	958,100	1,070,300	1,165,100	1,397,200

is why it complemented its cooperation agreement with T-Online by a strategic partnership with Censio AG, an online insurance provider. A cooperation agreement covering internet-based building finance has been signed with eXtrahyp.de, in which Rheinhyp has a stake. At the same time, investment-banking activities are being developed, with participation in new issues and IPOs planned as a first step.

ASSET MANAGEMENT DEPARTMENT

NEW STRUCTURES BOOST EFFICIENCY

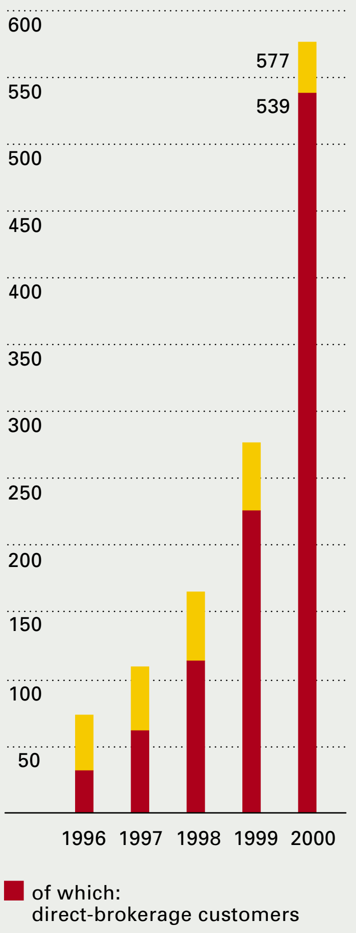
At end-2000, we were managing roughly €135bn of assets worldwide; with 25 companies in 21 countries, we are represented in all the major markets. We are systematically linking up the various subsidiaries.

GOOD START IN ITALY AND SPAIN

Last year, we concentrated our efforts on building up distribution networks in Italy and Spain. Commerzbank Asset Management Italia began operations early this year. The company, based in Rome, specializes in Italian private investors and has three distribution channels: its own financial advisers, a call centre and an internet application, available in the second half of this year. CAM Italia already has more than 100 agents and is managing funds of €200m; the target for 2001 is €500m.

CUSTOMERS OF COMDIRECT BANK

in 1,000



ASSET MANAGEMENT DEPARTMENT

	2000
Equity tied-up (€ m)	424
Return on equity	34.9%
Cost/income ratio	105.2%

Afina, based in Madrid, is also looking after just over €200m. This company offers its services to both wealthy private investors and institutional clients. In order to underpin further expansion, it has taken over Pentor, a local broker.

Last summer, Commerz Asset Management (CZ) in Prague began its activities. Its products for private clients comprise the umbrella fund family CB Fund as well as Czech products. In the current year, it intends to raise its share of the Czech market, whose growth potential is put at an annual 30-40% over the next few years, to 10%.

COMPANY SCHEMES FOR OLD-AGE PROVISION

Commerzbank Investment Management (Commerzinvest) was managing a total volume of €32bn in 424 funds at end-2000. With 42 new non-publicly-offered funds totalling €2.2bn and additions of €1.5bn to existing portfolios, it strengthened its position as one of Germany's foremost providers of special funds. In addition, more than 1,000 smaller and medium-sized institutional investors are already covered by Commerzinvest funds, whose overall volume is €1.2bn. For company old-age provision schemes, Commerzinvest – in cooperation with Commerzbank – offers not only professional portfolio investment but also broadly-based individually tailored solutions. It has an excellent position, therefore, in an area which promises high growth rates.

Commerz International Capital Management, the counterpart to Commerzinvest for foreign institutional investors, was similarly able to gain numerous new clients. Distribution agreements with the largest banks of the Middle East were concluded for the Al-Sukoor fund, an Islamic fund reflecting sharia principles, which was launched in March 2000 and had a volume of €30m by year-end. The new index-oriented funds also met with lively demand.

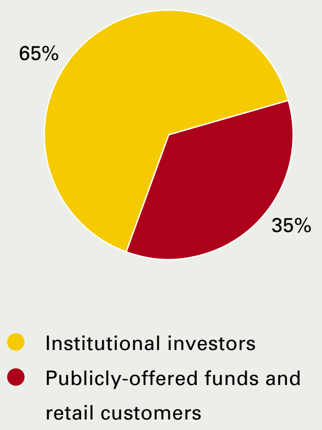
ADIG EXPANDS IN EUROPE

ADIG Allgemeine Deutsche Investment-Gesellschaft, which now belongs almost entirely to Commerzbank, derived a significant part of its inflows of €1.1bn from new distribution partners. The overall volume managed in 160 funds reached €27.3bn by year-end.

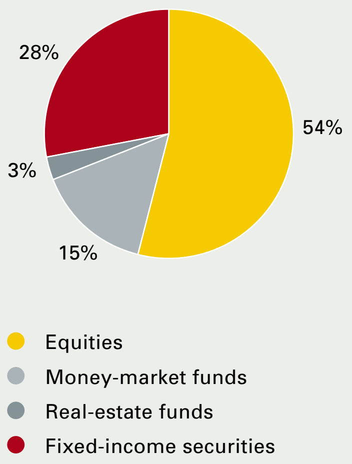
In addition to a broadly-based service offensive, focusing on the internet transaction platform launched last June, ADIG embarked upon a European sales offensive through cooperation agreements in Austria and Luxembourg. Distribution will begin in Switzerland this year. An important challenge for ADIG over the next few years will be to further expand its radius of action, which has largely been restricted to Germany up to now.

ASSET MANAGEMENT

Commerzbank Group, end-2000



Investor structure



Asset structure

SUCCESSFUL FOREIGN SUBSIDIARIES

The French Caisse Centrale de Réescompte (CCR), which among other things is responsible within the Commerzbank Group for money-market funds, increased the assets it manages by practically 19%, thereby underpinning its leading position in France. CCR simultaneously asserted its function as a specialist for the performance approach to European equities.

In 2000, Commerzbank International Trust Singapore raised its income by 55% in a year-on-year comparison. In the current year, its trust business is to be developed mainly in northern Asia and Europe; for this purpose, it is setting up a representative office in Frankfurt.

Last year was the most successful to date for Skarbiec, the subsidiary formed jointly with BRE Bank in 1997. With its market share of 45%, it has become Poland's largest and also most innovative fund company.

At Jupiter International Group in the UK, the assets under management rose to £13.3bn, due not least to the outstanding performance of many funds.

Our American fund company Montgomery Asset Management in San Francisco had US$9.2bn under management at year-end. Inside and outside the U.S., Montgomery further intensified its cross-selling activities with the Commerzbank Group.

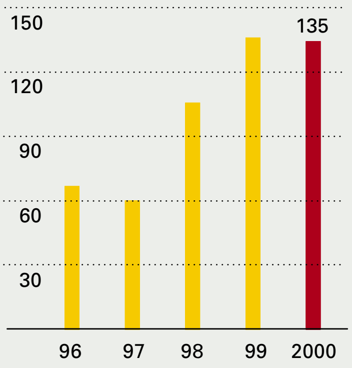
The international private banking area, which looks after wealthy international private clients wishing to invest a minimum of €1m, raised its assets under management to €7.2bn. Further expansion is being sought above all in the Spanish and French private-banking markets and also in Latin America.

Commerzbank (Switzerland) Ltd looks after wealthy private clients from all over the world in Zurich and Geneva. Despite the difficult situation in the stock market, it lifted its net commission income and trading profit substantially. At Sfr36.8m, its net profit for the year exceeded expectations.

Last year, Commerzbank International S.A., Luxembourg, focused its activities on expanding private-customer business with international clients. At year-end, it was taking care of the needs of around 14,000 customers. In a year-on-year comparison, its total assets rose by 9% to €12.3bn. Its distributable profit reached €58m.

ASSETS UNDER MANAGEMENT

Commerzbank Group, in € bn



RESTRUCTURING TO BOOST EFFICIENCY

At the start of 2001, we restructured our portfolio management and research activities in Germany. Parts of the previously independent asset management of ADIG, Commerzinvest and CICM were grouped together under Commerz Asset Managers. Above all, this structure will enable us to use resources more systematically in order to increase expertise; it also ensures that work is not done twice over. At Commerzbank's new subsidiary, a staff of 225 are managing assets of roughly €80bn.

THE COMMERZBANK GROUP’S ASSET MANAGEMENT UNITS

EUROPE

ADIG Allgemeine Deutsche Investment-Gesellschaft mbH	Munich/Frankfurt am Main	93.8% 1)
Commerz Asset Managers GmbH	Frankfurt am Main	100.0%
Commerzbank Investment Management GmbH	Frankfurt am Main	100.0%
Commerz International Capital Management GmbH	Frankfurt am Main	100.0%
ADIG-Investment Luxemburg S.A.	Luxembourg	98.4% 1)
AFINA Bufete de Socios Financieros, S.A.	Madrid	49.0%
Caisse Centrale de Réescompte, S.A.	Paris	92.4%
CICM Fund Management Ltd.	Dublin	100.0% 2)
Commerz Asset Management (CZ) a.s.	Prague	100.0%
Commerzbank Asset Management Italia S.p.A.	Rome	100.0%
Commerzbank Europe (Ireland)	Dublin	40.0%
Commerzbank International S.A.	Luxembourg	100.0%
Commerzbank (Switzerland) Ltd	Zurich	100.0%
Hispano Commerzbank (Gibraltar) Ltd.	Gibraltar	50.0%
Jupiter International Group PLC	London	100.0% 2)
SKARBIEC S.A.	Warsaw	71.4% 2)

ASIA

Capital Investment Trust Corporation	Taipei	24.2%
Commerz Advisory Management	Taipei	100.0%
Commerzbank Asset Management Asia Ltd.	Singapore	100.0% 2)
Commerz Asset Management Representative Office	Shanghai	
Commerz International Capital Management (Japan) Ltd.	Tokyo	100.0% 2)
Commerzbank International Trust (Singapore) Ltd.	Singapore	100.0% 1)
KEB Commerz Investment Trust Management Co. Ltd.	Seoul	45.0%

USA

Martingale Asset Management L.P.	Boston	60.0% 2)
Montgomery Asset Management, LLC	San Francisco	93.3%

1) The Parent Bank holds some of the interest indirectly.
2) The Parent Bank holds the interest indirectly.

WE WANT TO PROVIDE OUR CUSTOMERS TO A GREATER EXTENT WITH CAPITAL-MARKET AND TREASURY PRODUCTS.

CORPORATE AND INVESTMENT BANKING

In the Corporate and Investment Banking division, all the business relations with companies and institutions are combined and also the product and trading sections of investment banking. For each of the seven departments which make up this division, a member of the Board of Managing Directors bears clear responsibility.

RELATIONSHIP MANAGEMENT SUPPORTS SERVICE FOR TOP CLIENTS

Worldwide, the Relationship Management department makes the Bank's entire range of corporate and investment-banking products available to multinationals. In view of the complex and constantly changing requirements of this customer segment, the key to this department's success is the selective coordination and focus on the individual client. In order to step up the close cooperation that is required with the equities section of Investment Banking, Relationship Management is to be organized globally in future on a sectoral basis.

CORPORATE BANKING AND INSTITUTIONS

	2000
Equity tied-up (€ m)	6,018
Return on equity	8.6%
Cost/income ratio	49.4%

CORPORATE BANKING DEPARTMENT

BANK FOR GERMANY'S SMALLER BUSINESSES

One of this year's great strategic challenges is the smooth integration of all the activities of corporate branch business with investment banking. We intend to use the close meshing of the two areas to make more modern capital-market and treasury products available to our corporate clients, as well as drawing upon our high standard of advice to reinforce existing relations and develop new ones above all with small and medium-sized enterprises (SMEs). We are convinced that this innovative approach will enable us to come closer to realizing our goal of being German's number 1 bank for such businesses. For this purpose, we increased the number of local relationship managers, systematically gearing our entire range of products to the needs of SMEs.

The success of these measures is reflected by the statistics: in the meantime, a sizeable 39% of SMEs with annual turnover of between €2.5m and €250m have their accounts with Commerzbank.

LENDING: OFF-BALANCE-SHEET TREND

Last year, demand was generally weak for corporate loans with interest rates fixed on a long-term basis. In lending involving public-sector funds, however, which we tailor to suit individual needs, we were able to increase our market share further. Commerzbank occupies first place in financing regenerative sources of energy with ecological funds from Deutsche Ausgleichsbank. All told, concentrating on smaller businesses, we expanded our corporate loan portfolio by 28% in a year-on-year comparison to €43.6bn.

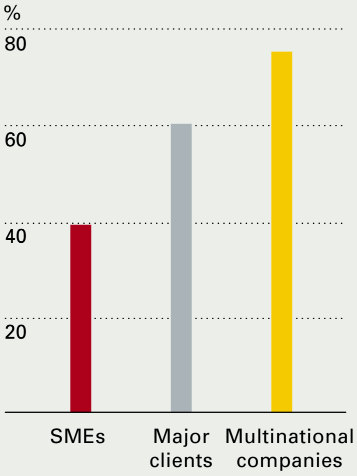
We want to add factoring, forfaiting and asset-backed securities to our product range so that SMEs can enjoy the same financing advantages as our major clients. Up to now SMEs have mainly used such opportunities in the area of interest-rate derivatives.

INTERNET REVOLUTION IN TRANSACTION MANAGEMENT

In line with our clear focus on internet-based transactions, we are now offering our clients a comprehensive electronic service in the form of COTELweb. This enables them to execute payments and obtain information on the state of their accounts via internet – at all times and independently of location.

PERCENTAGE OF GERMAN COMPANIES WITH COMMERZBANK ACCOUNT

Parent Bank, end-2000



The utilization of internet technology is also central to our projects for introducing forex information and trading systems. Users gain access to the latest information via internet and can handle their currency positions online. A further example is our product Treasury Cockpit, a multi-bank financial management system, specially devised for SMEs.

We also set great store by efficient cash and liquidity management for our customers. The scope here ranges from automatic cash concentration procedures to settlement solutions. Last year alone, we realized 125 international cash-pooling and cash-concentration procedures together with our customers.

GROWTH MARKET E-COMMERCE

Up to now, fairly few products have been bought and sold via internet in Germany. Yet as soon as a uniform standard exists for electronic signatures and also a broadly accepted internet payments system, e-commerce will register a major surge. Commerzbank is making intensive preparations for this.

For electronic sales of goods and services, we offer our customers various safe payments systems which are suitable both for incorporating into internet shop systems and for call-centre applications. These and other products form part of our e-commerce strategy, which integrates traditional banking services and envisages the development of original e-business services with external partners. In order to bundle our resources and use synergies optimally, the Corporate Banking department cooperates closely with Commerz NetBusiness, which handles internet developments within the Commerzbank Group.

STRONGER FOCUS ON OLD-AGE PROVISION

One of the major themes of the future is private and company provision for old age. Commerzbank develops all-inclusive solutions for its clients in this area.

Through legislation and pay settlements, protection against insolvency for the positive balances on working-time accounts is also gaining considerably in importance. We have developed solutions which correspond to company pension schemes and have met with a positive market response. Services in connection with remuneration systems, such as employee shares and stock option plans, complete the range.

COMMERZ NETBUSINESS AG

Outstanding e-business models with great market potential represent one of the key factors behind the development of Commerzbank into a leading internet bank in Europe. The formation of Commerz NetBusiness AG in November 1999 marks a major step in this direction. Our new subsidiary combines the innovative strength of its partners in the e-business domain with the financial advisory skills and distribution power of Commerzbank.

First and foremost, the function of Commerz NetBusiness is to constantly observe the e-business scene in order to identify and evaluate new technologies and business models. The great value-added potential in this area is typically explored through equity participations or joint ventures, but also in the form of cooperation agreements. Commerz NetBusiness carefully selects its business associates in a multi-stage process. The objectives here are to broaden Commerzbank's product palette through the innovative products of its business associates and at the same time to integrate traditional financial services into their e-commerce platforms.

SECURITIES DEPARTMENT

SYNERGY EFFECTS THROUGH INTEGRATION

Since the start of last year, our entire equity and bond activities, including derivatives and the mergers & acquisitions team, have been assembled in the Securities department, which now employs roughly 1,200 people. Reflecting more than efficiency considerations, this fully integrated approach expresses our conviction that sophisticated corporate clients and institutions are interested in all-inclusive, specially tailored investment and financing solutions. Accordingly, we concentrate more on complex than on standard products. With this structure, probably the most advanced model in today's market, we are pursuing the goal of becoming one of Europe's leading investment banks.

The equities section, whose expansion initially required great efforts, has attained a critical mass. Its development phase is now over. In the meantime, we now offer the market the complete range of a modern investment bank: from research – with more than 100 analysts – to origination and trading, derivatives and comprehensive risk management.

NUMBER 1 IN EUROPE FOR IPOS

In the lively equities market during the first half of 2000, we were once again strongly involved in IPO business. Measured in terms of the number of flotations in which we participated, Commerzbank claimed first place in Europe; ranked by lead manager position, we occupied second place. In addition to Germany, where we helped 18 companies to go public, we were also active in the growth markets of France, Sweden, the United Kingdom and, above all, Italy.

We continue to occupy a prominent position in the market support we provide for German shares traded on the Xetra system. As a so-called designated sponsor, we ensure liquidity for 165 different shares and received the best rating when Deutsche Börse assessed performance in this area.

CONFIDENT FOR BOND BUSINESS

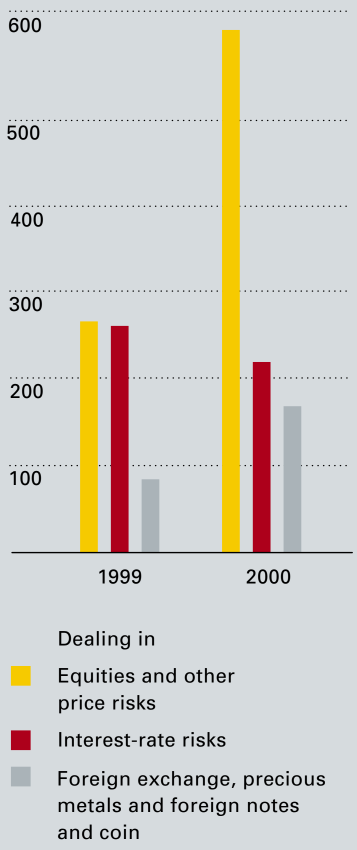
While the focus last year was on integrating our international bond business into the Securities department, we now want to expand in this section as well. On the one hand, Commerzbank's traditional strengths have to be underpinned – above all in transactions involving *Pfandbriefe*, swaps and innovative financial products; on the other, we intend to explore new fields. This holds especially true for Europe's expanding market in corporate bonds and also foreign-currency bonds. We are already practising this very successfully in Eastern European currencies through our subsidiary Commerzbank Capital Markets (Eastern Europe) in Prague. Altogether, Commerzbank lead-managed 165 international bonds issues last year, totalling €29.5bn, giving us tenth place in Europe among the major issuing houses.

SECURITIES DEPARTMENT

	2000
Equity tied-up (€ m)	1,348
Return on equity	7.1%
Cost/income ratio	90.3%

COMMERZBANK GROUP'S TRADING PROFIT

in € m



M&A IS BEING STEPPED UP

Our previously fairly small mergers & acquisitions team is also being augmented. With 50 or so people, we will become involved in cross-border deals as well in the most important sectors from our Frankfurt and London bases. Up to now, we have largely restricted ourselves to Germany's SMEs. Given our broad client base at home and abroad, we see good opportunities for becoming active internationally, too, in this constantly dynamic market segment.

CORPORATE FINANCE DEPARTMENT

NEW BANKING DIMENSION

The wave of mergers and takeovers in Europe and also industry's strong propensity to invest boosted activities in our Corporate Finance department last year. In all sections, we expanded operations and achieved a higher result again.

Our structured acquisition finance group in particular benefitted from the numerous company takeovers and purchases, as well as from the ever more acute subject of management succession at smaller family-run enterprises. As disposals of shareholdings in public limited companies will be tax-exempt in future, we expect that demand for finance in this area will remain strong.

Syndicated loan business also reflected the brisk takeover and merger activities in Europe. Many projects were linked to large-scale financings, initially mainly in the credit market, later in the bond and equity markets as well. Here we maintained our selective, price-conscious lending policy.

We frequently acted as arrangers for syndicated loans, both in Europe and the U.S., and in some cases in Asia. Our good contacts with medium-sized industrial and service enterprises brought us numerous deals as lead-manager. We are well-positioned in this area, with more than 80 transactions in which we were lead or co-lead manager. In the current year, we want to become even more active with larger German SMEs.

STRUCTURE OF CORPORATE FINANCE DEPARTMENT

Participations
including Venture Capital

Asset Securitisation

Structured Acquisition Finance

Financial Engineering

Special Industries/ Project Finance

Export and Trade Finance

Syndicated Loans

Both nationally and internationally, we expanded the asset securitization section in order to meet the mounting demand for active balance-sheet management. We buy claims of all kinds, financing them through the issue of commercial paper. The focus is on European companies' portfolios of claims, but we will also securitize Commerzbank's own claims. Last year, we structured and placed the largest Continental European synthetic securitization to date of a Commerzbank portfolio of private home loans amounting to roughly €2.5bn.

The improved economic and financial situation of most emerging markets created new business opportunities for the medium and long-term export finance section. International ship and aircraft financing also developed well. The same holds true for the fairly recent structured trade finance section.

CBG Commerz Beteiligungsgesellschaft, which specializes in financing equity participations, was closely involved in the dynamically expanding market for private equity and venture capital. In addition to further developing its European direct investment activities in growth industries, CBG made its first fund-of-funds investments. All told, the company took up new participations to the value of €108m.

TREASURY DEPARTMENT

DIFFICULT INTEREST-RATE ENVIRONMENT

The European Central Bank's six interest-rate increases of altogether 175 basis points last year, a corresponding rise in short-term money-market rates and the distinct flattening of the yield curve all created a difficult setting for our Treasury department. Nevertheless, we are satisfied with the result achieved. In selected business segments, especially trading in interest-rate derivatives, we managed to improve profitability again. Here we are benefitting from synergy effects due to the concentration of payment flows, the integration of our dealing teams in London and Luxembourg and also forward foreign-exchange trading. For two products (forward rate agreements and short-term interest-rate swaps in Swiss francs), our interest-rate derivatives trading was voted number 2 worldwide.

A milestone in asset/liability management was the conclusion of the first phase of the so-called Fernbach project for presenting balance-sheet transactions. Since then, we have been one of the few banks in a position to show all their cash-flow movements on a daily basis as an interest-rate and liquidity position.

In foreign-exchange dealing, the switch to electronic platforms continues to make great progress. We are actively involved in this process, among other things through our membership of the global, internet-based Atriax trading system. Further projects have been launched in the e-commerce area.

TREASURY AND FINANCIAL PRODUCTS

	2000
Equity tied-up (€ m)	604
Return on equity	9.4%
Cost/income ratio	93.4%

Once again, our dealing in foreign notes and coin proved successful – in terms of both turnover and earnings. Through the measures adopted to cut costs and raise efficiency, and also by expanding our banknote dealings with non-European customers, we are already able to fully compensate for the approaching end of physical trading in the currencies of the euro-zone in interbank deals. Commerzbank remains one of the top addresses for trading in European foreign notes and coin.

REAL ESTATE DEPARTMENT

CLI GROUP REGISTERS €2.4BN OF NEW BUSINESS

The Real Estate department comprises CommerzLeasing und Immobilien AG (CLI) and Commerz Grundbesitz-Investment-gesellschaft (CGI).

CLI is constantly expanding and seeking new business opportunities. It intends to raise the capital necessary for this purpose via the market. For this reason, the company was transformed into a public limited company at the start of last December and has met the legal conditions for a possible stock-market launch.

The CLI group concluded new business of about €2.4bn in 2000. With a year-on-year growth rate of 3.9%, it continued the successful development of the past few years. At end-2000, its assets totalled €18bn at historical cost. In real-estate leasing and through real-estate projects, new business totalled almost €1.8bn, giving CLI a market share of just over 20% again. In this connection, the doubling of foreign business was especially important. COMUNITHY Immobilien AG, a joint venture with ThyssenKrupp Immobilien, began operations according to plan and has already acquired housing and commercial premises worth about €100m.

CFB PLACES LARGEST CLOSED-END FUND

CFB Commerz Fonds Beteiligungsgesellschaft launched Germany's largest closed-end property fund, the Trading Centre in Frankfurt. The fund's volume of €444m called for equity of €230m, which was placed within only three months. The company also acquired five ultramodern container ships for a ship-owners' fund as well as the International Financial Tower in Jersey City for a US performance fund.

At €638m, new contract business in the leasing of moveable goods was also somewhat higher than in the previous year. Included here is the new business of the subsidiary BRE Leasing, the second-largest company of this type in Poland.

CFB's foreign activities are mainly directed towards providing support for its clients in European markets. In Eastern Europe, it plans to realize a closed-end property fund. Real-estate business in the United States continues to be an important pillar.

HAUS-INVEST: MARKET SHARE OF OVER 10%

Haus-Invest, the open-ended property fund administered by CGI, had lifted its assets under management to €5.16bn by end-2000, rising to fourth place among the 18 funds of this type in Germany. Its market share advanced to 10.8%. Its net inflow of roughly €100m also meant that Haus-Invest was able to assert itself in a difficult environment better than most of its rivals.

The fund now manages 105 properties, some 70% of them outside Germany. Its investment strategy will continue to focus on the persistently good market opportunities in the promising markets of the United Kingdom, the Netherlands, France, Portugal, Italy and Spain. However, it also intends to use the opportunities arising in Germany's rebounding property markets.

EURO BECOMES SOLE LEGAL TENDER

On January 1, 2002, the euro will become sole legal tender in Germany. Its introduction in cash form and the conversion of all systems, accounts and products confront the Bank with complex tasks to resolve. While accounts have to be converted by December 31, 2001, a transition period exists for cash. From January 1 until February 28, 2002, the D-mark and the euro may be used parallel to one another in Germany. The cost-intensive cash changeover represents a major logistic challenge for Commerzbank with its almost 1,000 branches, as it does for all the other banks, retail outlets and for the state bodies that are involved. Commerzbank will convert accounts step by step, as recommended by the European Commission. In this way, the changeover can be effected smoothly from the technical angle.

Since the euro's introduction on January 1, 1999, Commerzbank has been able without any problem to handle euro transactions. The Bank has steadily prepared for the final phase of the introduction of the single currency. Last September, the euro activities of all Group units in Germany and elsewhere were pooled in a central project.

Commerzbank is incurring considerable expenses for the euro project, thereby documenting its social responsibility in the introduction of the new currency.

INTERNATIONAL BANK RELATIONS DEPARTMENT

TRADITIONALLY STRONG MARKET POSITION

The International Bank Relations department is responsible for our relations with other banks worldwide. Our dense network of correspondent banks ensures that we can handle the foreign transactions of our customers smoothly.

For German external trade, 2000 was another successful year, with new records for exports and imports. Accordingly, conditions were favourable for us to assume a major role in looking after the financial side. We now handle 16% of such business.

ON-THE-SPOT SUPPORT FOR CLIENTS WORLDWIDE

Commerzbank is directly represented in 43 countries through a closely-knit network of foreign branches, subsidiaries, representative offices and major shareholdings. In the nineties, we mainly focused on building up bases in Central and Eastern Europe. Together with the World Bank and Kreditanstalt für Wiederaufbau, we took up an interest last year in Micro Enterprise Bank, the only bank in Kosovo. Commerzbank takes care of the international payments and foreign commercial business for this institution. Participation is planned in other so-called micro-finance banks in South-eastern Europe.

By means of innovations and improved service, above all in cross-border payments, we intend to build upon our position as a major bank for euro settlement.

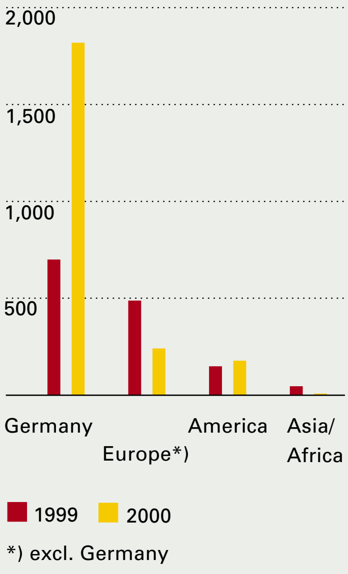
SUCCESSFUL IN CENTRAL EUROPE

In Poland, we increased our interest in BRE Bank to 50% last year. In terms of equity capital, this institution is the country's fifth-largest bank with the highest profitability. Its outstanding role in Polish banking is underscored by the fact that it was voted best local bank for the fifth time by the magazine *Euromoney*. The national specialist press has even called it the “best bank of the decade”.

For Commerzbank (Budapest) Rt. as well, 2000 was a successful year. The bank was granted a licence for investment banking, enabling it to extend its range of products considerably. It has already launched securities transactions for private banking customers and it will soon begin bond trading.

REGIONAL BREAKDOWN OF PRE-TAX PROFIT

Commerzbank Group, in € m



*) excl. Germany

DIFFICULT TIMES FOR KOREA EXCHANGE BANK

Last year too, Korea Exchange Bank, Seoul, suffered from the aftermath of the Asian crisis and once again had to make substantial value adjustments for its non-performing loans, mainly to Korean borrowers. As a result, its annual result was negative. In order to restructure the bank and to improve its capital base, we participated with an amount of 210bn won in a capital increase; we now have an interest of 32.6%. KEB is putting all its efforts into achieving a turnaround; apart from adopting a large-scale restructuring plan, it is disposing of more of its assets.

CONSOLIDATED COMPANIES AND EQUITY PARTICIPATIONS IN THE CORPORATE AND INVESTMENT BANKING DIVISION

Commerzbank (Budapest) Rt. **Budapest** **100.0%**	**Commerzbank (Eurasija) SAO** **Moscow** **100.0%**	**Commerzbank (Nederland) N.V.** **Amsterdam** **100.0%**	**Commerzbank (South East Asia) Ltd.** **Singapore** **100.0%**
BRE Bank SA **Warsaw** **50.0%**	**Banque Marocaine du Commerce Extérieur, S.A.** **Casablanca** **10.0%**	**P.T. Bank Finconesia** **Jakarta** **25.0%**	**Unibanco – União de Bancos Brasileiros S.A.** **São Paulo** **8.7%**[1]

SECURITIES DEPARTMENT

Commerzbank Capital Markets Corporation **New York** **100.0%**	**Commerzbank Capital Markets (Eastern Europe) a.s.** **Prague** **100.0%**[2]	**Commerz Securities (Japan) Co. Ltd.** **Hong Kong/Tokyo** **100.0%**

CORPORATE FINANCE DEPARTMENT

CBG Commerz Beteiligungsgesellschaft Holding mbH **Bad Homburg v.d.H.** **100.0%**

TREASURY DEPARTMENT

Commerz Futures, LLC **Chicago** **100.0%**[1]

REAL ESTATE DEPARTMENT

Commerz Grundbesitz-Investmentgesellschaft mbH **Wiesbaden** **75.0%**	**CommerzLeasing und Immobilien AG** **Düsseldorf** **100.0%**

1) The Parent Bank holds some of the interest indirectly.
2) The Parent Bank holds the interest indirectly.

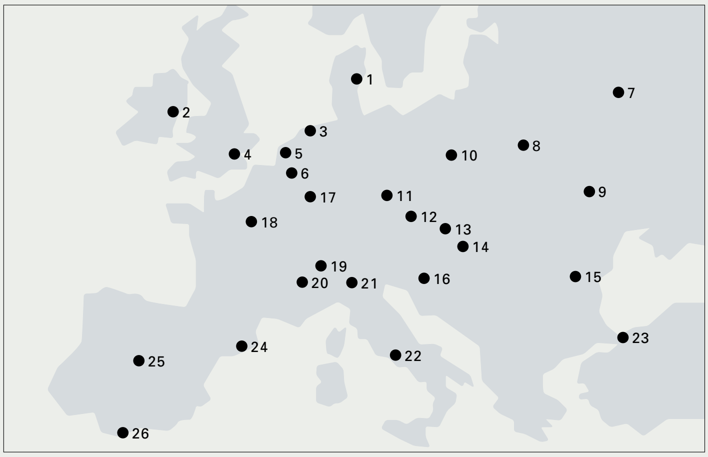
🔴 FOREIGN BRANCHES

⚫ REPRESENTATIVE OFFICES

🔵 GROUP COMPANIES
AND MAJOR FOREIGN HOLDINGS

1	⚫	COPENHAGEN
2	🔵	DUBLIN
3	🔵	AMSTERDAM
4	🔴 🔵	LONDON
5	🔴	ANTWERP
6	🔴 ⚫ 🔵	BRUSSELS
7	⚫ 🔵	MOSCOW
8	⚫	MINSK
9	⚫	KIEV
10	⚫ 🔵	WARSAW
11	🔴 🔵	PRAGUE
12	🔴	BRNO
13	⚫	BRATISLAVA
14	🔵	BUDAPEST
15	⚫	BUCHAREST
16	⚫	ZAGREB
17	🔵	LUXEMBOURG
18	🔴 🔵	PARIS
19	🔵	ZURICH
20	🔵	GENEVA
21	🔴	MILAN
22	🔵	ROME
23	⚫	ISTANBUL
24	🔴	BARCELONA
25	🔴	MADRID
26	🔵	GIBRALTAR

COMMERZBANK WORLDWIDE



ONE CORE AIM IS TO MAKE COMMERZBANK EVEN MORE ATTRACTIVE AS AN EMPLOYER.

STAFF AND WELFARE REPORT

Last year, activities in the area of human resources focused on

- the intensive search for personnel under difficult labour-market conditions,
- further refinement of our personnel instruments,
- the introduction of an integrated personnel data management system.

RECRUITING NEW PEOPLE

At year-end, Commerzbank had a workforce of 39,044, 4,174 more than a year earlier. Included here for the first time are the 2,504 employees of BRE Bank, Warsaw, which has belonged to the Commerzbank Group since last November. As planned, 1,670 new jobs were created, most of them in investment banking, information technology and at subsidiaries in Germany. This means that last year, on average, seven new members of staff were taken on each working day. For the current year, selective expansion is planned, above all at the subsidiaries comdirect bank and ADIG, and also once again in the areas of investment banking and information technology.

COMIDEE PROVES A WINNER

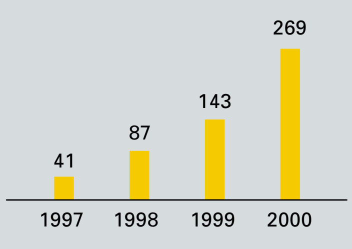
Participation in our internal suggestions scheme COMIDEE has been encouraging. All told, 3,080 suggestions were submitted last year, a quarter more than in 1999. In other words, more and more employees are making a constructive appraisal of their job and their working environment and are keen to achieve improvements.

There has been a rise not only in the number but also in the quality of the ideas. The prizes awarded, which depend upon an assessment of the benefits, increased by over 80%.

This shows that COMIDEE's slogan "Join in – improve things" has been positively received and translated into reality..

INCREASE IN PRIZE-WINNING IDEAS

in € 1,000



In addition to the large number, the quality factor is significant: specialists for these areas – highly qualified experts – are in great demand. In order to succeed in this very keen competitive situation, we use a recruiting mixture that is specially designed to meet the needs of the individual department. Traditional instruments such as newspaper ads and participation in recruitment fairs are complemented by our successful "Employees recruit new employees" campaign, which last year as well led to 323 people being selected – out of altogether 434 applications.

The internet has become virtually indispensable as a medium of communication. Apart from job offers and online questionnaires, which IT specialists in particular are using to a growing extent, we daily examine national and international online job exchanges to find qualified candidates. Numerous applications underline how successful this form of personnel recruitment is. After the green card ruling became effective last July, we employed 30 highly qualified IT specialists on this basis.

DATA ON COMMERZBANK'S PERSONNEL*)

	2000	1999	Change in %
Total staff Group1)	**39,044**	**34,870**	**12.0**
Permanent staff Group2)	**35,599**	**31,073**	**14.6**
Total staff Parent Bank1)	**29,611**	**29,190**	**1.4**
• incl.: based abroad	2,386	2,122	12.4
• incl.: apprentices	1,639	1,619	1.2
Permanent staff Parent Bank	**26,358**	**25,683**	**2.6**
Ratio of apprentices to permanent staff3)	**6.2%**	**6.1 %**	
Years of service			
• more than 10	48.3 %	47.1 %	
• more than 20	21.3 %	20.8 %	
Staff turnover4)	**6.4%**	**5.8 %**	
Total pensioners and surviving dependants	**9,718**	**9,210**	**5.5**
• incl. those retiring during the year	498	473	5.3
• those entering early retirement	138	166	-16.9
Older staff on part-time scheme	257	216	19.0

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

In order to make systematic use of further possible career paths, we are introducing two new trainee courses, one involving a combination of specialized computer and commercial skills, and the other advanced clerical functions at our processing centre in Frankfurt.

PERSONNEL INSTRUMENTS OVERHAULED

Given the critical labour-market situation in financial services, Commerzbank must increasingly underscore its attractiveness as an employer, internally and externally. For this reason, we have examined the core elements of our personnel management, shifting the emphasis in some respects. The intention is to take more account of the performance and development potential of the individual employee and to create more scope and responsibility for our highly qualified executives.

The performance bonus – the variable remuneration component – is determined not only by individual achievement but also by the results of the respective business unit and of the Bank as a whole. In the form of the long-term performance plan, a remuneration component geared to the performance of the Commerzbank share over a long period, we are making our share price into the yardstick for success.

As an extra benefit, we are enabling all our staff on individually negotiated salaries to lease a company car out of their gross salaries, which brings tax advantages for both employees and the Bank.

In future, career development at Commerzbank will not be exclusively bound up with the notion of management. Alongside the traditional careers in management, a career as a project manager is being introduced. In this way, outstanding specialists also have the chance to assume more responsibility and get ahead in their careers.

In order to further the careers of our executive personnel, we have successfully introduced the management circle system, enabling us to ensure that potential executives – from younger personnel right up to top-level managers – are constantly identified and selected, and that they acquire the appropriate qualifications.

Increasingly, the ever stronger globalization in banking and the growing importance of investment banking for Commerzbank are calling for an international approach to human resources. Last year's “Guidelines on International Human Resources Management” form the strategic framework for international personnel policy, which takes both business-policy and special regional features into consideration. One of the goals is to give more of our staff international experience. The first moves in this respect are international management circles and a job-sharing programme permitting employees in Germany and elsewhere to become acquainted with each other's jobs.

TECHNOLOGY OF THE FUTURE

The ever greater demands on process-oriented working procedures and greater flexibility in evaluations make more sophisticated IT systems necessary in human resources. After using the IPAS personnel management system for 18 years, we have replaced it by the more modern, integrated R/3 Human Resources system of SAP – an all-inclusive activity-based approach to the needs of the Human Resources.

For evaluation purposes and for calculating ratios, database functions are available, which support and facilitate human resources planning and controlling to a high degree.

We wish to thank all employee representatives, the local staff councils and the central staff council, the senior staff spokesmen's committee, the representatives of the Bank's younger personnel and the physically disabled for the constructive cooperation in the past year. We managed to reach a number of agreements which will make the Bank more competitive. We should like to thank all our active staff, as well as those who retired in the course of the past year. Through their strong commitment and their professional skills, they contributed to our Bank's good business performance.

COMNET – COMMERZBANK'S INTRANET

Under the name of COMNET, we launched an intranet last year as the key medium of internal communication.

COMNET is designed to pursue three major objectives:

- *Wherever possible, information will be published electronically. This is quick, authentic, cheap and environmentally positive because paper is saved.*
- *The use of COMNET as a source of information standardizes and structures internal communication such that all information on a given subject is accessible, regardless of how many other departments have published something on the same topic.*
- *Thanks to uncomplicated and rapid interaction, communication between sender and receiver is improved, the flow of information is speeded up and intensified, and efficiency rises.*

Technological progress will soon make it possible to integrate video films into COMNET as well.

AS A PROVIDER OF FINANCIAL SERVICES, COMMERZBANK FEELS COMMITTED TO VALUE-ORIENTED CORPORATE MANAGEMENT. PURSUING A CLEAR-CUT STRATEGIC APPROACH AND AN OPEN DIALOGUE WITH INVESTORS, WE WILL EXPAND OUR CIRCLE OF SHAREHOLDERS.

OUR SHARE, STRATEGY AND OUTLOOK

Major strategic decisions characterized the past business year at Commerzbank. The goal was to make the Bank even more earnings-oriented and to present it as an attractive investment instrument for national and international investors.

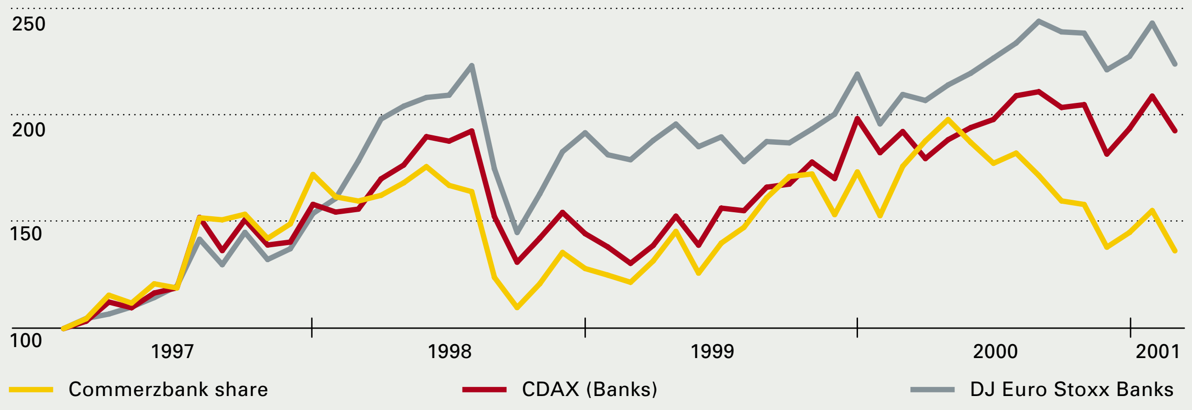
Last year as well, we broadened our communication with shareholders. The publication of a complete interim report as of March 31 for the first time gives us a top position in Europe in terms of transparency. The same holds true for our internet site, which won an award from the German periodical *Manager Magazin* last year for the best internet presentation of the 100 largest German companies. The internet plays an important role not only for presenting results and general information; Commerzbank is also using it to an increasing extent as a means of active communication with investors and analysts. For instance, last year for the first time, we gave all those interested the chance to follow our investor conference live on the internet. Institutional investors in particular availed themselves of this opportunity. We are convinced that in future private investors themselves will also use this source of information to a greater extent.

With a volume of 2.1bn Commerzbank shares, the Bank accounted for 1.7% of the turnover for all German listed companies. This placed it in the upper half of the group of most frequently traded German blue chips. In both the first and second quarter of last year, the trading volume of our share was over €21bn, by far the highest in our corporate history. In the final quarter, however, it was much lower at €12.8bn. The decline in our share price reflects this development.

The turbulence in the capital markets and the fading of speculative fantasy, combined with

PERFORMANCE OF THE COMMERZBANK SHARE

Month-end figures, January 1997 = 100



investors' reluctance to buy in view of their uncertainty, left their marks on our share price. After reaching a historical peak on March 9 at €47.49 in Xetra trading, our share fell virtually continuously to its low of €28.25 on December 21. The last price quotation in 2000 was €30.89, representing a decline of 15.3% in the past financial year. This meant that, like practically all the major German banks, we considerably underperformed the Euro Stoxx Banks index, the relevant international benchmark for us, which rose by 3.8% last year.

STRATEGIC REALIGNMENT

Our goal in 2001, therefore, must be to implement our strategic realignment successfully in order to achieve sustained profitability growth. Then our share price will also rise again.

The key to this development will be the measures adopted by the Board of Managing Directors under the project name of CB 21.

Last October, it was decided to channel our business activities into two divisions, Retail Banking and Asset Management, on the one hand, and Corporate and Investment Banking, on the other, which became effective at the start of this year. Thanks to the new structure, all our banking departments will take on an even stronger customer and market-orientation.

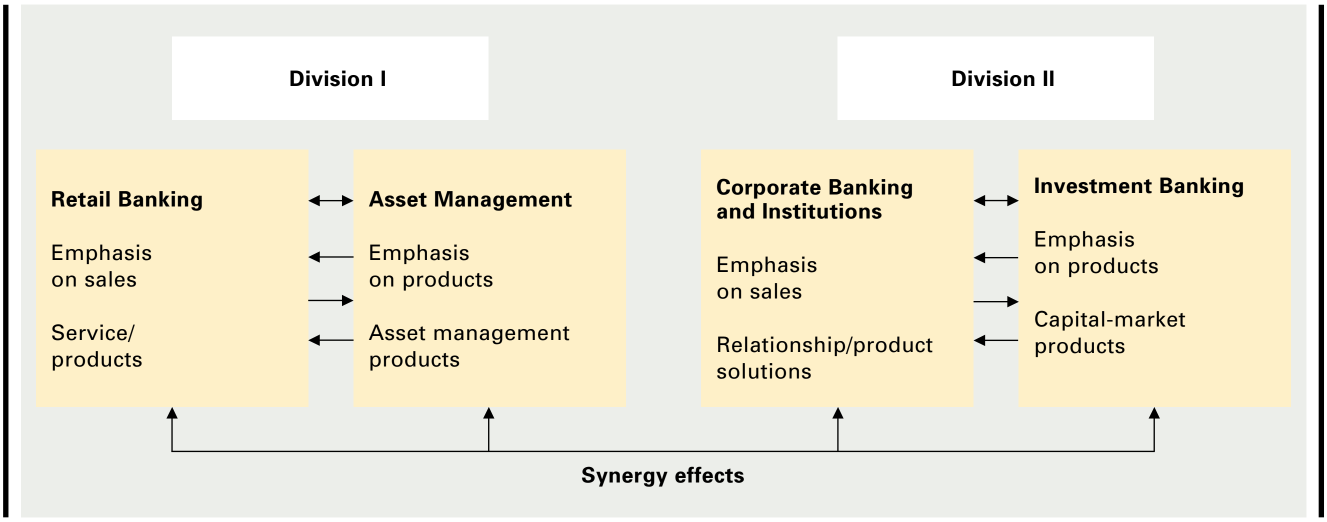
Our new approach brings a number of advantages:

- Streamlining of the branch network while maintaining market presence
- Improved advisory services and specialization
- Existing business potential is better exploited
- Organizational functions are greatly improved
- Synergies are created between departments

DOMESTIC BRANCH BUSINESS

By mid-2002, therefore, we intend to reduce our branches in Germany from 924 at end-2000 to 781. This step does not call into question our nationwide presence. We are convinced that by bundling sales capacity we can substantially increase our business potential. The branch network can only be pared down if our customers have access to the Bank at all times via internet, telephone and in future WAP. For greater profitability, it is also essential to reorganize our range of products. In the retail customer segment in particular,

PROJECT CB 21:
TWO DOUBLE PILLARS COMPRISING SALES AND PRODUCTION



some tightening is needed. After minor initial losses, the concentration of branches in Germany will lead to perceptibly higher earnings from 2003 onwards.

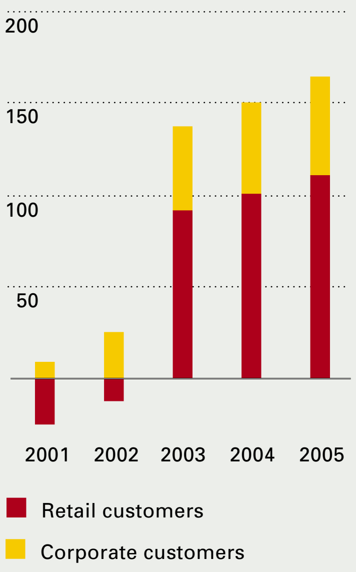
BANCASSURANCE STEPPED UP

A major factor in improving our earnings situation in domestic retail banking is the closer cooperation with our bancassurance partner Generali. A new feature here is that we are sharing our customer bases with one another. Under the roof of a distribution company, banking centres will be set up at 250 insurance agencies in Germany over the next three years; these will offer the entire Commerzbank product range. In return, within five years, insurance specialists of the Aachener und Münchener insurance group will be working in roughly 500 Commerzbank branches. At the same time, closer cooperation is planned in the areas of asset management, private banking, private equity, as well as company and private plans for old-age provision. Our objective is to increase our customer base through bancassurance cooperation by a million new clients. Given the already established smooth cooperation with Generali, we expect extra income of €37m in the current business year, which should rise to €140m by 2005.

IMPACT ON RESULTS FROM:

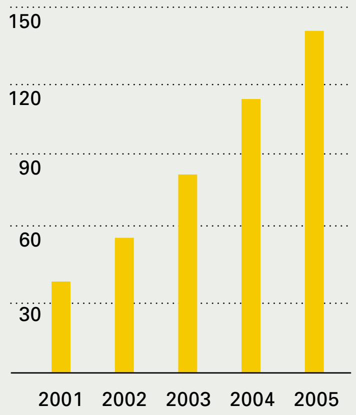
DOMESTIC BRANCH CONCENTRATION

in € m, pre-tax



BANCASSURANCE

in € m, pre-tax



IMPROVED ADVISORY SERVICES

Our efforts are geared not only to acquiring new customers but also to intensifying existing relations with our retail customers, whose number at the Parent Bank now stands at 3.8 million. Following the successful introduction of a data-based marketing platform in the retail segment, we are going to use the experience gained there to establish a similar platform for high net-worth individuals (I-plus project). It is planned that these instruments will be available at all the Bank's advisory centres by October 1, 2001. Thanks to the systematically collected information on customers, we will be in an even better position in future to work out their needs and to offer an optimal product mix. As all the relevant data will be available, our staff will have more time to advise customers, which will be enhanced by the virtually fully automatic processing of the orders received. The goal is to develop a closer relationship with customers and to increase the number of transactions per customer. This year, it will only be possible to a marginal extent to realize a positive impact on earnings. However, we expect them to be boosted perceptibly in subsequent years.

ASSET MANAGEMENT

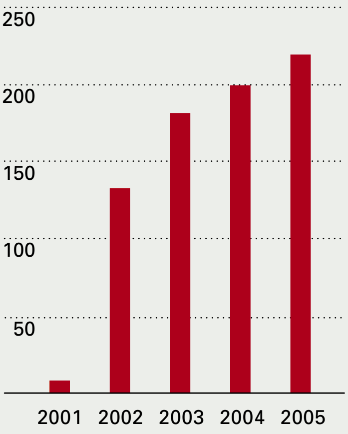
In Asset Management as well, we see considerable potential for growth and earnings. Non-recurring expenses, which dented profits in 2000, are unlikely in the current year. We have ensured this by combining portfolio management and research in operative terms to form Commerz Asset Managers GmbH.

By implementing a pan-European distribution structure, we will extend the strong position which we have in Germany to other markets that are important for us, such as Italy, Spain, the Czech Republic and Poland. In all European core markets, we want to be one of the five largest foreign asset managers. Starting from a base of €135bn of assets under management at end-2000, our aim is to double this over the next five years, which does not take possible expansion through acquisitions into consideration. Together with the larger volume of assets managed, the streamlining of distribution will already yield a positive profit contribution of €36m this year, which should steadily rise to more than €300m annually by 2005.

IMPACT ON RESULTS FROM:

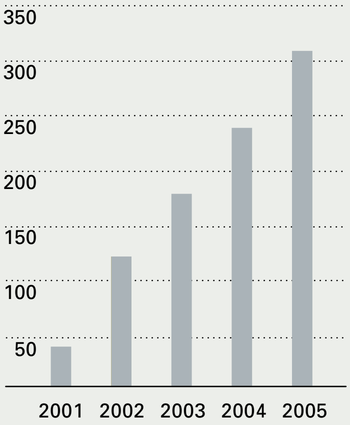
PROJECT I-PLUS

in € m, pre-tax



ASSET MANAGEMENT

in € m, pre-tax



CORPORATE CUSTOMERS AND INVESTMENT BANKING

By meshing corporate customer and investment banking business, we will further sharpen our profile as an integrated financial institution. Now that we have successfully built up efficient teams of advisers, above all in equities and derivatives business, the link with commercial banking, where we have great customer potential, marks an important step towards further expansion in our business and earnings. Here we are concentrating on Europe.

We ensure global coverage for activities indispensable for a bank focusing on Europe. These include research, distribution and 24-hour trading. At the same time, we want to concentrate on special fields of products where we are recognized as having a good market position, such as derivatives and retail products.

We look upon M&A business as a further growth area for Commerzbank, which we are seeking to strengthen through internal expansion, cooperation agreements, or possibly by taking over an established company as well. In Germany in particular, advisory services for corporate clients represent considerable business potential.

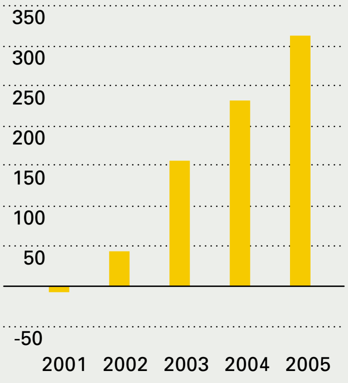
Our future success will crucially depend upon the creation of teams of investment banking specialists, whom we will firmly install in some of our 20 main branches. We are convinced that they will meet with a positive response, especially from SMEs and major customers. We have already launched pilot projects in Hamburg and Essen. Multinationals will be looked after by teams of specialists with a knowledge of the relevant industries, rather than on the basis of geographical orientation. We believe that once the initial costs have been overcome, the integration of these two areas will lead to a marked increase in efficiency in the current year.

The emphasis in new corporate business is on credit substitutes, products which require no equity tie-up such as asset-backed security programmes, money and capital-market products and syndicated deals. But measures to free up equity are also unavoidable as regards business already on our books. We intend to use the capital which is released more efficiently by re-investing it. Our analyses suggest that in this way we will achieve extra earnings of €33m even in the current year, and these will steadily grow.

IMPACT ON RESULTS FROM:

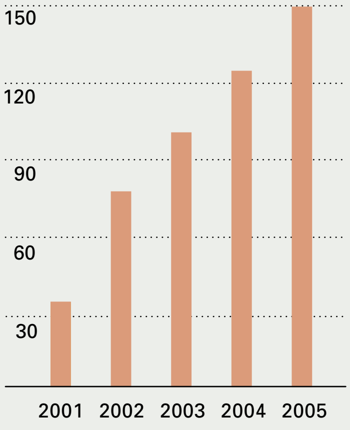
INTEGRATION OF CORPORATE AND INVESTMENT BANKING

in € m, pre-tax



RELEASE AND OPTIMAL USE OF CAPITAL IN CORPORATE-CUSTOMER BUSINESS

in € m, pre-tax



FOREIGN ACTIVITIES

In view of our European focus, we are subjecting our foreign activities to a critical examination. By way of immediate measures, we have pooled out treasury activities worldwide, built up regional centres and bundled back-office and support functions. Our foreign units will become more strongly involved in distribution. Whereas we consider our presence in Europe to be optimal, we will abandon international outlets which are not strategically necessary for a bank with a European focus. This set of measures is also likely to produce immediately positive profit contributions (€47m in 2001), which in the years to follow will take on much greater dimensions.

Once the individual measures which make up the CB 21 project have been realized, Commerzbank will be repositioned as a highly earnings-oriented institution. However, this will not become significant until 2002, as in the current year some of the additional income and immediate cost-savings will be offset by one-off expenses. But even by 2002, when we expect our net profit to be much more than € 500m higher, the measures will prove decisive in attaining our long-term target of an after-tax return on equity of at least 15%.

2001: HIGHER OPERATIVE RESULT PLANNED

Apart from the rapid implementation of our new strategic orientation, embodied by CB 21, the management is giving the highest priority to containing the rise in costs. The successes scored in this respect by some parts of the Commerzbank Group must be extended to the others. Here, after causing problems last year, an appreciating euro could provide some relief. By contrast, the introduction of euro notes and coins will lead to a non-recurring cost burden. All the same, it should be possible to hold the increase in overall operating expenses down to single figures this year.

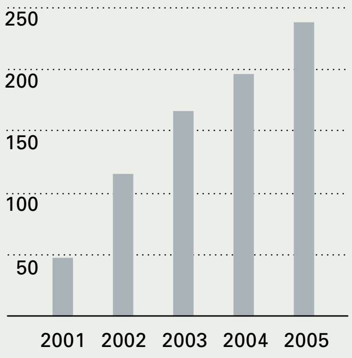
Net interest income will probably lift operative earnings both through a more efficient allocation of equity and lower provisioning once again.

Now that the development of our equity operations in the Securities department is virtually complete, a further rise in net commission income can be expected, despite the more difficult market situation at the start of this year. This will probably be supported by higher profit contributions from our asset-management companies and retail banking business.

IMPACT ON RESULTS FROM:

STREAMLINING OF FOREIGN NETWORK AND INTEGRATION

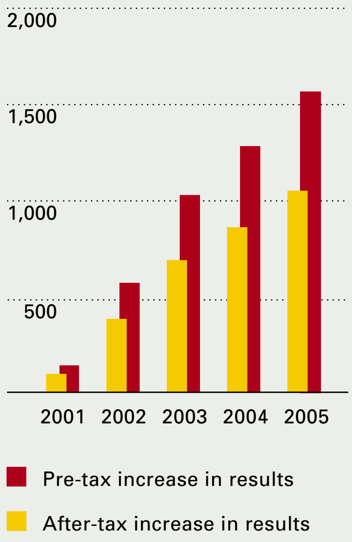
in € m, pre-tax



PROJECT CB 21

in € m

Tax ratio 33%

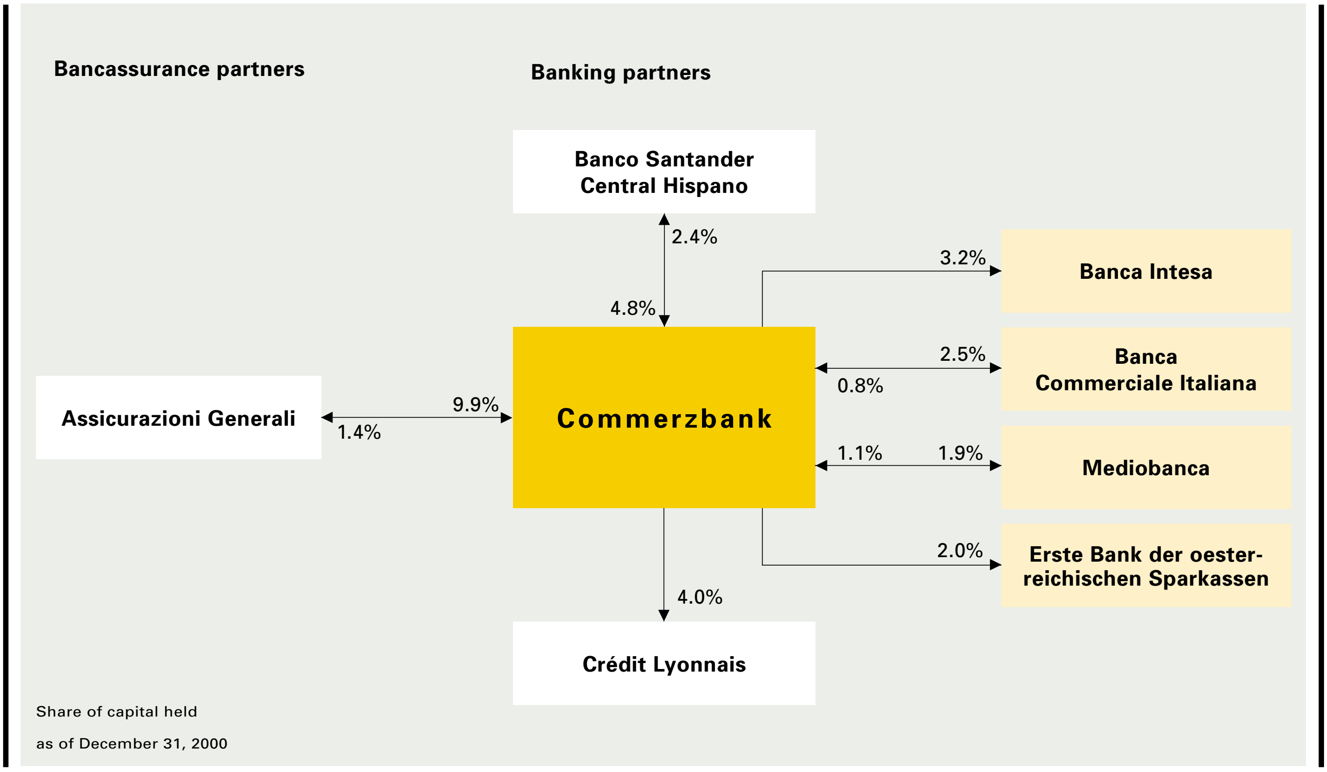


We are also looking for a double-digit percentage increase in our trading profit. Through the use of optimized trading models, the success of such activities has become less subject to general market trends than it was previously.

As things stand at present, the other operating result will show only a small positive balance. The profit from ordinary activities, at €1.7bn-1.8bn, will fall short of its level in 2000, but adjusted for the non-recurring income from the comdirect IPO, it will register a substantial increase. With a tax ratio that will probably be lower than last year's, the after-tax profit should be somewhere between €1.0bn and €1.2bn. This prediction does not take into consideration any income from the disposal of investments.

Given the unsatisfactory development of the final quarter of 2000, the good operative start to the current year makes us confident that we can achieve our budgeted earnings targets.

COMMERZBANK'S EUROPEAN PARTNERS



KEY COMMERZBANK DATES IN 2001/2002

Early May 2001	Interim report as of March 31, 2001
May 25, 2001, 10.00 a.m.	AGM, Jahrhunderthalle Frankfurt am Main-Höchst
August 2001	Interim report as of June 30, 2001
November 14, 2001	Interim report as of September 30, 2001
November 15, 2001	DVFA Analysts' conference, Frankfurt am Main
Early February 2002	Key financial figures for 2001
April 10, 2002	Press conference for 2001 results
Early May 2002	Interim report as of March 31, 2002
May 31, 2002	AGM, Jahrhunderthalle Frankfurt am Main-Höchst
End-July/early August 2002	Interim report as of June 30, 2002
November 13, 2002	Interim report as of September 30, 2002

All Commerzbank's major corporate news items cam also be found under "Investor Relations" on the Bank's homepage: www.commerzbank.com

THE CONTROL AND MANAGEMENT OF RISKS ARE CENTRAL FEATURES OF A VALUE-ORIENTED MANAGEMENT FOR THE ENTIRE BANK.

RISK REPORT 2000

OVERALL RISK MANAGEMENT

The control and management of risks form integral parts of Commerzbank's efforts to achieve high and stable returns for its shareholders. This process is guided by the principle of restricting the risks bound up with achieving earnings, thus protecting the Bank against extraordinary negative fluctuations in its profits. For this purpose, its decision-makers have to be provided with information on a near-time basis, enabling them to weigh up the risks and the earnings of a given commitment.

In this connection, Commerzbank has established an independent risk control system for all the areas of the Bank, which, for one thing, processes and disseminates all the relevant information and, for another, monitors adherence to the established risk limits. On the basis of these data, the identified risks are steered by risk-management units in the various banking departments.

DEFINITIONS

For creating an awareness of risk within the Bank, a uniform interpretation of risk and the types of risk is imperative and these must be defined consistently.

Risk at Commerzbank is defined as the possibility of losses, or of serious negative deviations from the forecast asset and financial position, or earnings performance.

Here the following types of risk are distinguished:

- **Credit default risk** is the risk of a loss or lost profit due to a business partner's failure to perform. In addition to the credit risk, the credit default risk covers above all issuer risk, counterparty risk and country risk
- **Market risk** is defined as the negative change in value of the Bank's portfolio which may be caused by changes in prices or price-influencing parameters. Distinctions are made between general and specific market risks or individual types of risk such as interest-rate, currency, share-price, precious-metal/commodity and volatility risks.
- **Liquidity risk** in the narrower sense is the risk that the Bank will not be able to meet its current and future payments. **Market-liquidity risk** describes the risk of the Bank being unable to settle or hedge its trad-

TYPES OF RISK

- CREDIT DEFAULT RISKS
- MARKET RISKS
- LIQUIDITY RISKS
- OPERATIONAL RISKS
- OTHER RISKS
  E.G. LEGAL RISKS

ing positions on time to the desired extent.

- **Operational risk** is the risk of losses due to inadequate or defective systems and processes, human or technical failure, as well as external events.
- Other major risks relate to legal risks resulting from contractual agreements or the overall legal framework, or risks to the Bank from its strategic decisions.

ORGANIZATION OF RISK CONTROL/ RISK MANAGEMENT

Commerzbank's risk control is geared, on the one hand, to the needs of a customer group-oriented, integrated bank and, on the other, to various regulatory provisions and requirements. Above all, the German legislation for control and transparency in the corporate sector (KonTraG), the German Banking Act (KWG), and the minimum requirements for trading activities conducted by banks (MaH) should be mentioned in this connection. In order to be able to react to new overall conditions nationally and internationally in the future, Commerzbank is already adopting the new Basle capital accord (Basle II).

Against the backdrop of these statutory regulations, the internal framework for conducting trading activities (General Conditions) was revised in the past financial year and adjusted to the Bank's international orientation. The General Conditions, and also the CoRA (Commerzbank's own guidelines and directives), its lending manual (*Handbuch Kreditgeschäft* – HKG) and its compliance manual ensure that the minimum requirements for trading activities are observed, as well as other measures relating to diligence and good conduct, in all the relevant areas of banking.

In order to support and document the fact that risks are being addressed throughout the Group, Commerzbank also compiled a risk manual along similar lines to KonTraG in the year under review. Constantly subjected to revision, this describes all the risks of the Bank and how they are being dealt with.

STRUCTURE OF RISK CONTROL AND MANAGEMENT

Central responsibility for risk lies with the Bank's Board of Managing Directors. They have delegated important functions to a risk control independent of the Bank's operative units, which is performed by various sections within Commerzbank. There is the staff department Risk Control (ZRC), which deals with fundamental questions relating to risk. Credit risk is monitored by the staff department Credit Risk Management (ZKA). In addition, the staff departments Accounting and Taxes (ZBS), Compliance and Security (ZCS) and Legal Services (ZRA) are also active in certain areas. All risk control and risk management activities are examined independently by the staff department Internal Auditing (ZRev).

On the basis of the figures and analyses provided by risk control, the risk management of the Securities (ZGS), Treasury (ZTD) and Asset Management (ZAM) departments is responsible for the active, profit-oriented management of risks arising from trading activities within a set framework. In lending business, the Corporate Banking (ZFK), Retail Banking (ZPK) and Corporate Finance (ZCF) departments perform similar functions.

All information concerning the overall risk of the Bank is forwarded to Commerzbank's Chief Risk Officer (CRO).

After consultation with the Parent Bank, the mortgage banks affiliated with Commerzbank, comdirect bank and Bankhaus Bauer have all established their own risk control. The control and management of risks arising at subsidiaries are performed locally. The figures produced there are, in turn, aggregated by Commerzbank's central risk control and integrated into the Group risk report.

COMMITTEES

The Bank has set up various bodies for bundling all risk-relevant decisions. Their special expertise is intended to provide support for the Board of Managing Directors in making decisions.

The Risk Committee, chaired by the Chief Risk Officer, primarily deals with all issues related to market risk, operational risk and the Bank's overall risk situation.

As far as credit default risks are concerned, the Credit Committee, also chaired by the Chief Risk Officer, decides all Commerzbank's lending commitments up to 2% of its liable equity on a rating-oriented basis and expresses an opinion on all the loan decisions to be taken by the Board of Managing Directors, based on ZKA applications.

Guided by the Bank's interest-rate strategy, the Asset Liability Committee (ALCO), which is chaired by the Chairman of the Board of Managing Directors, discusses changes in the asset/liability and liquidity positions of the Bank.

The introduction of new products and markets is centrally coordinated by the New Product Committee, taking account of the minimum requirements for trading activities conducted by banks (MaH); this ensures protection against losses through unfamiliarity with the related risks. The NPC, chaired by the head of ZRC, is a sub-committee of the Risk Committee.

RISK CONTROL DEPARTMENT

Group-wide responsibility for risk control is entrusted to the staff department Risk Control (ZRC). ZRC is a control unit within the Group Management division, which also assumes a support and advisory function for the individual banking departments. It is ZRC's job to make risks transparent and to control the overall risk of the Bank. This serves to generate competitive advantages, inter alia through the creation of a risk profile that makes optimal use of the equity employed. Apart from the Board of Managing Directors, the main beneficiaries of the services provided by ZRC are the various banking departments and their management.

The core sections of ZRC are:

- Computation, analysis and reporting of market risks
  This function is performed by so-called BARC (business area risk control) units for the Securities and Treasury departments. Here the risks of the Asset Management department as well as those of the other operative units in Germany and elsewhere are also covered. The BARCs work closely together with the risk management of the operative units, which actively manages and limits the individual risks on the basis of independent data from risk control.
- Methods & Policies
  Here methods for computing the various market and credit risks are developed, as well as the guidelines and procedures for the overall risk framework. In particular, all risks are aggregated here – taking portfolio effects into consideration – and reported at the Group level.
- Operational Risk
  Commerzbank attaches special importance to the monitoring of operational risk; this section of ZRC is concerned with the methods of identifying, measuring, reporting, and minimizing or avoiding such risks throughout the Bank.

In addition to implementing statutory requirements (KWG, MaH, KonTraG), ZRC focuses on preparing information for the Board of Managing Directors and producing quantitative risk analyses and ratios for managing trading positions.

ZRC monitors all operative units worldwide, including subsidiaries, and has staff in the most important locations (apart from Frankfurt, in London, Luxembourg, New York, Prague, Singapore and Tokyo). It has the right to issue instructions to risk-control personnel in the Bank's other foreign outlets.

CREDIT RISK DEPARTMENT

The Credit Risk department (ZKA), which also belongs to the Group Management division, helps the banking departments optimize their loan portfolio in terms of credit risks and is responsible throughout the Group for maintaining the balance between the overwhelmingly marketing and sales-oriented activities of banking departments and the management of credit default risks (with the exception of the mortgage banks).

Observing the legal provisions, ZKA is primarily responsible for loan-portfolio management and for monitoring the Group's credit default risk and the allocation of adequate provisions to cover it. Its other responsibilities are:

- formulating general guidelines for analysing and deciding individual lending commitments,
- deciding or preparing a borrower-unit-related decision on all major commitments,
- establishing a framework for loan approval powers and the principles for examining the professional qualification of those granted such powers,
- calculating standard risk costs, including the methods and loan-relevant parameters,
- rating systems and questions of credit standing,
- sectoral and country risks, and
- early recognition of latent or enhanced credit risks.

In commercial banking, credit risks are assigned by region or sector on the basis of borrower units. Loans involving enhanced risks or liquidation credits are managed by the Prevention and Workout sections of the ZKA, with regional responsibility for lending commitments in Germany and elsewhere.

The credit default risks in investment banking are calculated and monitored by a separate section of the department.

CREDIT DEFAULT RISKS

LENDING PROCESS

The efficiency of Commerzbank's entire lending process is constantly being examined and adjusted accordingly. IT-based systems for assigning and monitoring limits, the presentation of current collateral values and also a rating-data pool support working procedures and decision-making processes. Wherever organizational projects are run as well, their findings provide an important input for improving risk management. As a result, it was possible to increase the loan approval powers of operative units considerably in recent years. By establishing sub-loan committees at head office and selected foreign outlets, especially in the major trading centres, an efficient basis has been created for monitoring investment-banking activities. Loan units are being built up in New York, London and Tokyo.

DECISION PROCEDURE

Since mid-2000, loans receive one-step processing on a borrower-unit basis by the relevant main branch. This makes them easier to manage and optimize in terms of volume, risk and earnings, while also speeding up decisions.

RATING PROCESS

Commerzbank has developed a system of complex rating and scoring for checking creditworthiness and standardizing lending decisions. These are binding for our domestic branches and also for our branches and subsidiaries abroad. The rating, which has to be adjusted given major economic changes, mainly serves to ensure an objective and uniform assessment of creditworthiness; by systematically identifying risk, it produces a more efficient lending process.

A distinction is made between the creditworthiness rating, which indicates the likelihood that a borrower will default, and the credit rating, which also takes into account collateral, maturities and contractual agreements. Taking the collateral furnished for the Bank into account, twelve different rating levels are distinguished, ranging from 1.0 (exceptionally good rating) and 6.5 (liquidation credit), which in turn represent the basis for the loan approval powers that are graduated according to rating. Step by step, the Group's mortgage banks have begun to adopt Commerzbank's rating system.

STANDARD RISK COSTS AND CREDIT VALUE-AT-RISK

Using the proven and constantly refined internal credit risk model, the default risk figures are worked out monthly in the form of standard risk costs (expected loss) at the level of individual transactions.

In addition, the credit value-at-risk (unexpected loss) is adjusted for statistically computed fluctuations of possible losses around the standard risk costs (SRC). At present, the focus is on refining the modelling procedure.

In preliminary costing, the standard risk costs are used as a risk premium in calculating the target margin, thereby serving as a cost component. At the same time, they are a major element in steering business by price in a calculation of the return on equity. On average, the SRCs should cover the expected credit defaults in the form of an insurance premium.

In actual costing, the SRCs are useful for calculating performance in customer business and also for presenting and evaluating the risk attached to the overall loan portfolio. Apart from information on the portfolio risks entailed by organizational units and sectors, comparison with the actual risk costs makes it possible to judge the quality of risk management.

PROVISIONING FOR BORROWER RISKS

by customer group, Commerzbank Group, 2000

Calculation of the default rate per customer segment is based on the 10-year average for market default rates. At present, we are working on a more future-oriented calculation of default probabilities linked to macroeconomic variables.

The probability of individual borrowers defaulting is arrived at by combining the market default rate with the creditworthiness rating (individualization). For international lending, transfer risks are included as an additional factor, based on internally established country ratings.

SRCs are calculated monthly at the customer to Group levels and constantly fed into the steering systems and management information tools in updated form.

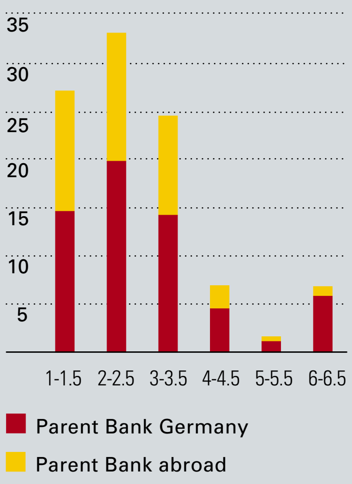
LOAN PORTFOLIO MANAGEMENT

Thanks to many years of ratings-oriented lending, clear guidelines for risk segments, steering business by price, and an organization which draws upon local centres of competence for special financings, the quality of the loan portfolio has been improved, which is reflected in the development of risk relative to total lending.

For years, we have used structural goals geared to ratings to achieve a risk-oriented optimization of our loan portfolio, examining individual cases and borrower units, indus-

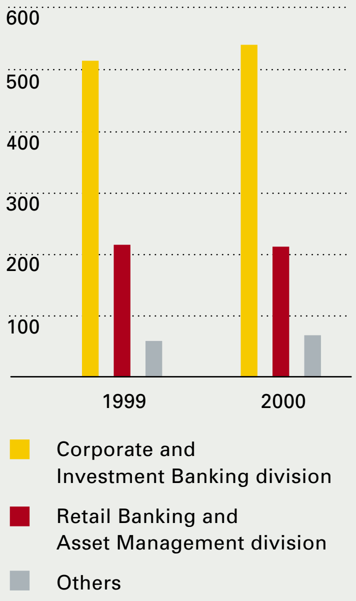
BORROWING, BY CREDIT RATING

as percentage of total borrowing Parent Bank, per 31.12.2000



STANDARD RISK COSTS

Average for year, in € m



tries and segments of industries and also country concentration.

Here we identify and manage concentrations of borrower units or borrower groups with a number of common features whose individual ability to repay debt is affected by a change in certain shared economic conditions (e.g. membership of a sector). Drawing upon the development that is forecast for the various sectors, we coordinate the general approach with our operative units in the form of credit quality reviews. In our segment reporting, we present the breakdown by sector.

In view of the international character of our business, great importance is attached to the observation of country risks and their management. Making use of constantly updated country ratings, backed by periodic country risk reports and a guideline system for lending, we achieve a selective steering and risk-oriented spread of our foreign exposure.

Last year, Commerzbank's central management credit information systems (CoMKIS), presenting the main steering parameters and risk ratios for lending business, were further refined. As a result, the lending sections of the main branches in Germany have at their disposal detailed, branch-related portfolio information on rating and sectoral structure, as well as on risk provisioning and the equity tied up. As our branches are given greater powers and lending grows more complex, responsibility for portfolios becomes increasingly decentralized, which we systematically recognize by regularly providing near-time loan portfolio information.

We are currently developing CoMKIS into a Group-wide information system for lending by making available portfolio information from branches and subsidiaries outside Germany. The integration of earnings figures will mark a further step towards earnings and risk-oriented portfolio management.

By using asset sales and credit default swaps, we conduct an active portfolio management, creating new or additional scope for lending. In the year under review, Residence 2000 was introduced, which provided further security against the credit default risk attached to loans granted, in this case private building finance. Here the Bank was the secured party against the payment of current premiums.

The monitoring of loan exposures in commercial banking is primarily effected by providing near-time information on our borrowers' financial and economic condition based on annual financial statements and interim figures, complemented by qualitative aspects of creditworthiness and observing the regulatory provisions of Art. 18, KWG. The creditworthiness findings are constantly used in the rating process.

MONITORING TRADING TRANSACTIONS

In the investment-banking section of ZKA, risk monitoring and controlling measures are based on a system of credit limits, ensuring that daily utilization remains within the set framework. It has direct access to the front-office systems used in trading and enables the Parent Bank to monitor the credit exposure arising from OTC trading activities globally, in real time and around the clock. Its trading units are provided with real-time information on whether the relevant credit limits are available.

Before trading transactions are concluded, a check must be made to ascertain whether free trading lines are available. Only if this is ensured can transactions be concluded. Limit overruns are reported daily to the management. By means of a graduated procedure, such overruns are reduced.

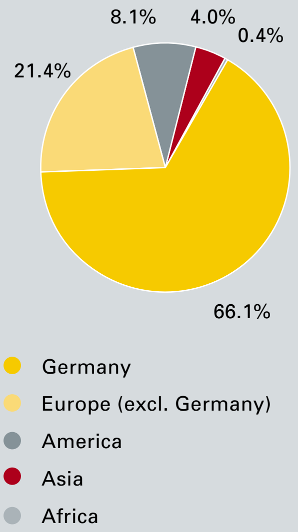
Credit exposure is calculated using the mark-to-market and add-on methods. Add-ons are employed with features specific to various products, currencies and maturity brackets. Market values are netted in line with existing master agreements. The overall exposure is set against limits differentiated in terms of maturities, so that even increases in risks expected in the future are revealed.

Furthermore, a 10-day market risk scenario for the portfolio has been introduced to handle collateral-backed transactions and a simulation has been developed for collateral in the form of securities, representing the effect of liquidating the portfolio.

The introduction of netting and the necessity of monitoring portfolios in a way consistent with the scenario are the reason for the planned refinement in the current year, which will add a portfolio variant for linear instruments to the add-on approach with its focus on individual transactions. This chosen method also ensures that integration is possible into the existing process of examining limits before transactions are concluded.

GEOGRAPHICAL BREAKDOWN OF RISK-WEIGHTED ASSETS

according to BIS, excl. market-price risks Commerzbank Group, 2000



Particularly if a clear correlation exists between the attaining of a maximal exposure and the default of a counterparty, standard methods are inadequate and normal analyses are complemented by stress tests. Wherever securities are accepted as collateral, a liquidation-scenario analysis is performed in order to work out what loss can be incurred during the liquidation period. On this basis, the required amount of excess security is determined.

Last year, no loss occurred which could have adversely affected the trading result. This underlines the efficiency of our credit risk management.

RISK DEVELOPMENT AND PROVISIONING

We take account of discernible lending risks by making the appropriate provisions. For latent risks, we form global value adjustments. For concrete creditworthiness risks of individual borrowers – which are indicated by the rating – provision is made, applying Group-wide standards, by means of individual value adjustments on the scale of the potential loss.

In international lending, the economic and political situation of the country is also reflected in the overall assessment of a borrower. For loans to borrowers with an enhanced country risk (transfer or event risk), provisions are formed, if necessary, on the unsecured loans, in line with the relevant internal country rating, in the form of country or individual risk provision. Here we always give priority to the latter type.

Problem loans are classified by rating and kept in a special IT system, which makes it possible to process individual transactions effectively and to monitor risks. We regularly gauge the adequacy of our provisioning at the portfolio level. In addition, on the basis of careful estimates, the expected need for provisions is worked out for the entire Group in the spring and the autumn. These estimates form the basis for analyses of discrepancies and for subsequent measures.

The strongly risk-oriented management of lending – with the goal of achieving optimal portfolio quality – is underlined by the inclusion of provisioning for credit risks in all the core variables of the Bank. This also holds true for the measurement of results in connection with profit and performance-oriented remuneration schemes.

RISKS ARISING FROM EQUITY INVESTMENTS OF COMMERZBANK

Special risks relate to the position of the Bank or its subsidiaries as shareholders of other companies.

Prior to the possible acquisition of a stake, the targeted enterprise is examined, for the most part by external consultants such as firms of auditors or lawyers, in terms of its strategic and market-oriented features, the quality of its earnings and also the plausibility of its budgeted figures, its legal situation, existing agreements and specific labour-legislation characteristics. Whereas the above-mentioned due diligence measures uncover risks in advance in the case of new acquisitions of interests, other ways of recognizing risks are needed for already existing equity investments.

As a rule, the identification of shareholder risks begins with recourse to and evaluation of sectoral analyses in order to assess and classify the relevant equity investment relative to the average for the industry in question. In addition to sectoral reports, the analyses of individual listed companies have to be consulted – insofar as they are at least partially comparable with the equity investment – in order to classify and assess the conceivable risks. These data and figures make it possible to recognize in good time negative discrepancies which are untypical of the industry as a whole at the equity investment.

In addition to these extensive measures, the risks stemming from listed equity investments of the Bank are quantified, regularly monitored and reported to the Board of Managing Directors.

MARKET RISK

Market risks arise for the Bank mainly through the conclusion of trading transactions and also from asset/liability management, i.e. the mismatch of fixed-interest periods between the assets and the liabilities side.

VALUE-AT-RISK APPROACH

The value-at-risk (VaR) approach has established itself as a method of measuring general market risk. It is a statistical procedure for estimating the possible losses as a result of market movements, defined as the potential loss of a portfolio within a certain time span, with a given probability, expressed in currency units. A VaR of one million euros, for example, at a (one-sided) confidence level of 99% and a holding period of one day, signifies that the observed (and unchanged) portfolio will lose no more than one million euros within a day with a probability of 99%. Here the (one-sided) confidence level indicates that, in purely statistical terms, on one in a hundred trading days a higher loss than the VaR can be expected.

Although the VaR has become a standard instrument, it can in extreme market situations – such as the Asian crisis in 1997 – fail to present the actual risk properly. For this reason, the VaR figures are backed up by so-called stress tests, which simulate the scale of possible losses in precisely such extreme situations.

HISTORICAL SIMULATION

In order to control market risks Group-wide, Commerzbank uses the broadly-based historical simulation approach. This simulates the possible performance of the Bank's portfolios, based on the actual market data of a past period of time. No statistical assumptions about distribution are used in the model or any approximations in the evaluation of financial instruments. Commerzbank uses the past 255 trading days as the assessment period for the distribution of profits and losses of a given portfolio, deriving from this the possible loss within a single day (overnight loss) at a given probability (confidence level). The model covers the risks arising from potential changes in interest rates, currencies, share prices and volatilities. All the market risks stemming from maturity mismatches are also taken into consideration under this approach.

The procedure involves three steps. As a first step, a set of 254 market scenarios is generated by working out the one-day changes in risk factors over the past 255 days; these are applied to the present values for risk factors. In a second step, each position in each of the 254 market scenarios is revalued and its discrepancy with the value of the current position is shown. This gives rise to a profit and loss distribution for the next day's portfolio value, reflecting the influence of the market changes forecast on the basis of historical development. Typically, marked deviations are revealed from a normal distribution. In particular, large changes in value are more likely than they would be if normal distribution were assumed (so-called fat tails). In a third step, the sixth-largest loss from the simulated distribution of profits and losses is entered as the VaR; this means that in order to show the greatest possible loss (VaR), a one-day holding period for the trading positions and a one-sided confidence level of 97.5% are assumed. The trading positions are assumed to have remained unchanged overnight. For internal and external reporting purposes in accordance with Principle I, KWG, the 99% confidence level (second-highest loss) is also calculated for a 10-day holding period from the one-day VaR by rescaling by the factor $\sqrt{10}$.

In 1999, the average VaR at Group level was €57m. However, due to improved calculation methods and a restructuring of the various portfolios, comparisons with the values for the previous year are only possible to a limited degree.

AGGREGATION

The historical simulation method can be applied fairly easily to the calculation of the overall risk arising from various types of risk and areas of business. The computed risk vectors (consisting of simulated portfolio prices) form the basis of aggregation. By adding individual vectors, component by component, the risk at higher levels is determined. This approach ensures that existing correlations and portfolio effects are included.

BACKTESTING

The reliability of the methods applied in calculating risk has to be examined. This is achieved by comparing a statistically-based risk forecast by the internal VaR model for the fluctuation in value of a given portfolio with the actual changes in value – caused by market fluctuations after the holding period had expired. The determinants of backtesting, therefore, are model-based VaR figures, on the one hand, and performance figures based on observed market data, on the other. For consistency reasons, the VaR is set against the so-called buy-and-hold performance or no-action P&L (which indicates how the portfolio's market value alters given unchanged positions); this represents the basis of the mark-to-market clean backtesting required under Principle I, KWG.

The central question here is after how many exceptions within a given number of observations can the VaR model still be considered to be sufficiently accurate. An exception exists if the actual loss on a given trading day is greater than the VaR forecast. With the aid of a so-called traffic lights approach, the supervisory authorities use the number of exceptions as a yardstick for judging the internal risk-measurement model. In the case of a VaR model with a 99% confidence interval, exceptions should occur no more frequently than four times per year (“green” light).

In order to constantly improve its risk measurement, Commerzbank uses a number of other statistical methods in addition to the three-zone (traffic lights) approach of Principle I, KWG, thereby also improving its risk model. Despite the turbulent capital market in the year under review, Commerzbank's market-risk model proved to be very suitable.

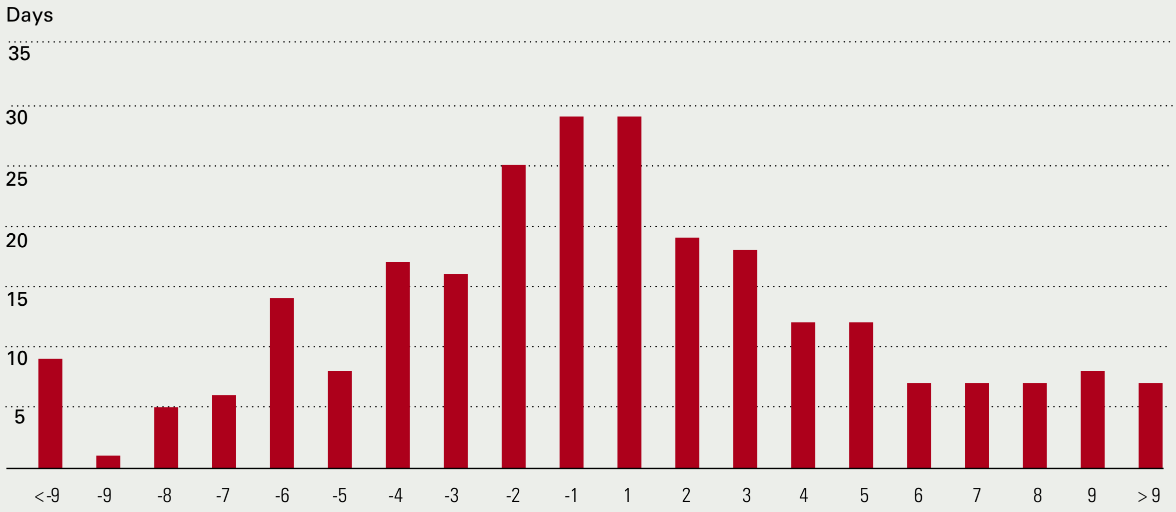
STRESS-TESTING

As the VaR method does not take extreme market movements into consideration, the quality and reliability of risk quantification is complemented by additional stress tests. Independently of fixed confidence levels, these evaluate the scale of losses under extreme market conditions such as those which emerged in past crisis situations. As a rule, the assumed scenarios are based on long-term studies and relate to all markets. From the methodological standpoint, stress tests represent revaluations of portfolios and positions. Here different developments of various risk factors are assumed within the framework of a scenario matrix.

The stress tests that are used vary from one trading area to another; they are regularly examined and adjusted. These are parallel scenarios (prices, interest rates and volatilities all move in one

ACTUAL CHANGES IN PORTFOLIO MARKET VALUE, 2000

Commerzbank Group, number of days in year under review, market changes in € m



VALUE-AT-RISK (97.5% CONFIDENCE LEVEL, 1-DAY HOLDING PERIOD) AND STRESS-TEST RESULTS

Commerzbank Group	Value-at-risk (97.5%)				Stress test			
€ m	Min	Max	Average	End of period[1]	Min	Max	Average	End of period[1]
Trading units								
ZGS Equities	3.3	13.7	6.0	8.4	32.5	89.5	54.8	41.8
ZGS Fixed Income[2]	4.3	13.5	7.5	7.9	32.3	101.6	53.6	51.3
ZTD Treasury[3]	23.9	53.8	37.0	34.4	149.4	284.5	192.5	191.7
	29.3	**64.8**	**44.2**	**37.1**	**225.6**	**384.0**	**300.9**	**284.8**
Mortgage banks	19.3	53.0	37.2	35.5	–	–	–	–
Diversification effect	–	–	20.7	37.5	–	–	–	–
Group total	**46.8**	**88.6**	**67.0**	**48.7**	–	–	–	–

1) end-of-day values for December 31, 2000; 2) including specific interest-rate risk, covered by a special approach; 3) including foreign units.

direction), portfolio-specific worst case scenarios (risk factors behave in an extreme manner and entirely independently of one another) or also scenarios based on extreme market movements over the past ten years. The various results are collated to produce a scenario in which interest rates, exchange rates and share prices each show the worst possible case for the Bank, thus representing the maximal risk.

SYSTEM OF LIMITS

Commerzbank has developed a comprehensive system of limits for restricting market risks. It is based on the above-outlined risk figures as well as on other factors such as the remaining lifetime of the traded products. The limit utilization is monitored centrally at the close of business (overnight) and also intraday by the local risk-management unit.

The market risk limits are determined by the Board of Managing Directors or the Risk Committee in consultation with ZRC and the trading units. Global market risk limits are distributed within the respective trading units between specific sub-portfolios (i.e. individual product groups and teams of traders) and may only be altered by means of a formal process for changing limits. By subdividing the limits, we are able to steer the Bank's overall market risk precisely at all levels.

At Commerzbank, the following limit categories inter alia have been established:

- Overnight VaR limits on the basis of a 97.5% one-sided confidence interval based on historical simulation
- Overnight stress-test limits in order to cover risks as a result of extreme market situations beyond the VaR calculation, based on various stress-test methods
- Loss review trigger as a warning signal that a trading area has reached a certain level of loss; the accumulated losses are set against the budgeted trading profit and interest income for the current year.

In addition, further product-specific limits (structural limits) may be established at all levels. What is more, separate limits are created, e.g. for special strategies in the equities area in the case of ongoing company takeovers.

MONITORING OF LIMITS

The monitoring and reporting of market risks is entrusted to ZRC and risk-management units. ZRC is primarily responsible for reporting the daily limit utilization and possible overruns. The basis for this is provided by the risk coefficients generated at ZRC and also by the figures made available by risk controllers operating at foreign outlets. The risk controllers assigned to the trading areas (the so-called BARCs) constantly monitor the open trading positions and the resulting risks.

LIQUIDITY RISK

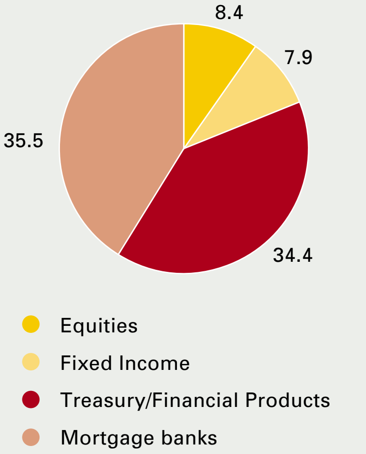
LIQUIDITY RISK IN THE NARROWER SENSE

Central responsibility for managing the liquidity risk lies with the Treasury and Financial Products department (ZTD). In order to ensure professional liquidity management, ZTD prepares liquidity balances and makes cash-flow forecasts. In the course of the year, these are repeatedly examined. On the basis of these analyses, the future need for borrowed funds is worked out. The aim is to make liquidity management as efficient as possible by raising funds regularly and to cover the Bank sufficiently against market fluctuations. In addition, Commerzbank holds an adequate amount of eligible securities to cover the danger of a short-term liquidity bottleneck. This can occur at short notice, for example, if expected incoming payments are delayed, deposits are unexpectedly withdrawn, or pledged credit lines are drawn down to a greater extent than expected.

In accordance with Principle II, an institution's liquidity is adequate if the liquid assets available to it within 30 days cover the payment obligations callable during this period. The quotient formed by the liquid assets and the payment obligations is known as the liquidity ratio and must always have a value of at least 1.

MARKET RISK, BY TRADING UNIT

VAR 97.5% confidence level, 1-day holding period, 31.12.2000 in € m



Last year, the liquidity coefficient in accordance with Principle II (liquidity analysis) lay between 1.17 and 1.31, and was thus at all times above the value of 1 that is required by the supervisory authorities. Commerzbank had adequate liquidity, therefore.

ZRC and ZTD are currently implementing the principles formulated by the Basle committee for banking supervision on banks ' liquidity management. As part of this project, ZRC is building up liquidity reporting and the Bank's instruments for managing and securing liquidity are also being extended and refined.

MARKET-LIQUIDITY RISK

Commerzbank monitors market-liquidity risk with the aid of the liquidity VaR that is based on historical simulation. This liquidity VaR is defined as the possible loss during the period in which a portfolio is being entirely liquidated in terms of risk, at a given level of probability (confidence level). Unlike the above-outlined one-day VaR, it also takes into account the period needed to square the specific positions in terms of risk, i.e. to sell, cover or hedge them through the relevant transactions.

In quantifying the market-liquidity risk, we take into consideration the market liquidity of the underlying deals by means of portfolio-specific selling or squaring strategies. These strategies indicate the proportion of a portfolio which, if necessary, could be squared in terms of risk and in how many days. The selling strategies employed are regularly updated after consultation with the respective banking departments.

OPERATIONAL RISK

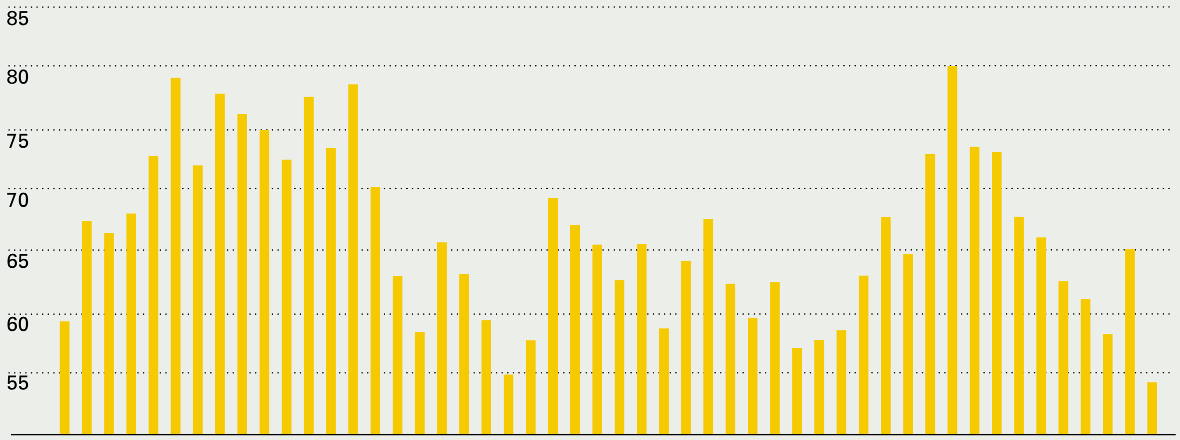
Operational risks have been actively included in the overall risk-management process since 1999. Since then, responsibility for them has been borne by the operational risk section of ZRC, which was further extended in the year under review. The goal is to cover the very many forms of operational risk, whose acknowledged significance has constantly grown throughout the industry.

In qualitative terms, operational risk controlling is primarily concerned with assessing processes and identifies existing weak points in order to tackle them at a higher level, including them in the monthly report to the management. From this, measures for avoiding and limiting risk are worked out by the operative units. In addition, a structured database for internal realized losses is being established. The losses registered in internal reporting are recorded here and likewise integrated into the monthly reports to the management.

The loss data establish the link with the quantitative aspect of operational risks. We are pursuing the goal of modelling and measuring our operational risks. For one thing, this helps us prepare an allocation of the required capital (initially on a top-down basis), reflecting sources of risk as far as possible, for internal steering purposes; for another, it helps us prepare for future supervi-

MARKET RISK IN THE COURSE OF 2000

Commerzbank Group,
VaR 97.5% confidence level, 1-day holding period, weekly averages, in € m



sory requirements in this area. We have already begun to devise advanced bottom-up quantification models and also the causal analysis of losses in connection with early warning indicators; we will continue to implement these in the year that lies ahead.

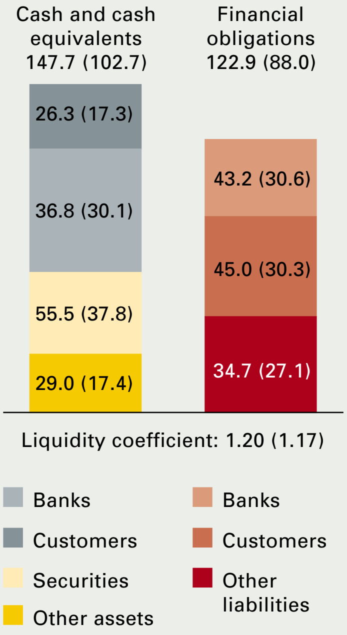
The development of an early warning system for operational risks along KonTraG lines, begun at end-1999, was concluded in spring 2000 with the prototype for a pilot system in the FX spot/forward area. This marked the successful testing of an active management of operational risks. Last summer, we began the development of an application "Surveillance and Monitoring System online" (SaMSon), based on the prototype. It is planned that investment banking will be the first area of the Bank in which it is employed.

We have gained a first overview of the potential operational risks in the remaining areas of the Bank by means of a self-assessment. It is planned to extend more detailed qualitative and quantitative methods successively to all the other areas.

Last year, guidelines and directives were drawn up, establishing the minimum requirements for standardized emergency plans that are valid throughout the Bank. Once these minimum standards have been implemented, the Group's trading units and their related settlement units will be able to conduct their business activities largely without interruption. Before these minimum standards were worked out, we examined the already implemented emergency plans of these units. One outcome was the assignment of these units to risk classes, reflecting the potential loss for Commerzbank. At the same time, the units themselves assessed their emergency planning on the basis of an evaluation scheme (rating) which we had devised.

COMPLIANCE WITH PRINCIPLE II

*Relevant amounts, 31.12.2000**
Parent Bank, in € bn



*) Figures in brackets: 31.12.1999

The operative units themselves have to assume responsibility for working out, implementing and also maintaining their emergency plans; this has to be ensured on a decentralized basis. In future, the existing plans are to be made uniform by means of a system that will be available worldwide.

With the measures adopted in 2000, we took further steps towards identifying, quantifying, managing and, as a result, limiting operational risks. These are designed to steadily improve process quality and hence boost the Bank's performance. In the years ahead, we intend to refine our approach further and to apply it on a broader basis.

IT SECURITY

Within the service department Information Technology Development (ZIT D), a staff section for IT security has been created. This regularly informs the relevant member of the Board of Managing Directors in the form of a separate report on the implementation and adherence to the special IT security guidelines.

OTHER MAJOR RISKS

LEGAL RISKS

The identification and handling of legal risks is entrusted to the Legal Services department (ZRA). In order to restrict or eliminate these legal risks, ZRA makes recommendations, which are realized in conjunction with other units of the Bank. ZRA is responsible for producing guidelines and standard contracts, and also for their implementation and monitoring. In addition, it advises domestic branches, head-office departments and various foreign outlets with regard to legal issues. The duties of ZRA also include informing the Board of Managing Directors and head-office departments about major legal changes and risks, as well as adapting, if necessary, its own guidelines and specimen contracts to the new situation and conditions.

One concrete example of legal risk in the past financial year was the action brought by Pengetank/ Meilicke against Commerzbank. In connection with the capital increases subscribed to by Generali and Volksfürsorge Deusche Lebensversicherungs AG, Pengetank 148. Vermögensverwaltungsgesellschaft mbH, Hamburg, and the lawyer Dr. Meilicke, Bonn, brought an action before the Frankfurt regional court against the resolutions adopted by the Board of Managing Directors and the Presiding Committee concerning the use made of authorized capital; in their action, they contest the effectiveness of the above resolutions of September 1, 2000. The Frankfurt am Main regional court dismissed the case in the first instance in its judgement of February 5, 2001.

RISKS ARISING FROM STRATEGIC DECISIONS

Risks also result from the Bank's general strategic decisions, which may have an adverse impact on its forecast net asset and financial position or its earnings performance. We define strategic decisions as those which – by themselves or in the context of other decisions – affect the overall orientation of the Bank.

Decisions on strategic issues as well as other projects which influence the Bank's orientation are taken by Commerzbank's Board of Managing Directors and, in some cases, the Supervisory Board. Decisions of this type are made on the basis of extensive analyses. It is one of the core duties of the Strategy and Controlling department (ZKE) to deal with such strategic issues.

At the same, independent controlling exists for all banking, staff and service departments. The results of these analyses also serve, among other things, as a basis for discussions on the expansion or reduction of certain business activities. Further controlling functions in the Bank are installed at the corporate division level or that of the banking, staff and service departments.

REPORTING

The risk coefficients that have been calculated and the extent to which the individual limits have been used, especially as regards market, credit default and liquidity risks, are made known to the Board of Managing Directors, the trading units and their management by means of daily reports. The other limits are also subjected to intraday monitoring, right down to the level of the individual dealer, by the risk-management units of the banking departments. In addition, ZRC provides extra reports, containing information on risk positions and limit utilization, to support these departments. They focus on VaR and stress-test figures.

All reports are produced near-time within the existing infrastructure and systems. The calculations are made overnight and as a rule are available to trading units by the morning of the next working day in processed form.

ZRC also provides the Board of Managing Directors with a detailed monthly risk report, comprising figures and analyses, relating above all to risk capacity, market risks, default risks, liquidity risks and operational risks. The risks are presented both separately and in aggregated form. In addition, the progress of individual projects to refine the Bank's risk-control system and its potential for improvement are described.

OVERALL RISK POSITION

RISK CAPACITY

The capital available to Commerzbank for covering risks is determined by the Board of Managing Directors. The so-called risk capacity calculation sets off the overall risk against the economic capital for covering risks, which is divided into risk capital and taboo capital. The Board has declared the equity capital items shown in the balance sheet – namely subscribed capital, the capital reserve and retained earnings – to be taboo capital, which may not be touched even if the risks become striking. In the narrower sense, therefore, risk capital comprises hidden reserves and the budgeted profit. On principle, this risk capital should be sufficient, if necessary, to cover the overall risks.

By means of this comparison, we examine whether the potential losses can be borne without any substantial effect on the Bank's day-to-day activities, i.e. without the Bank's assets being eroded or the necessity arising to reduce its business volume (e.g. due to a lowering of its free core or supplementary capital in order to meet the regulatory capital adequacy requirements), if such losses really were to occur.

The overall risk of the Bank, also known as its economic capital, is an aggregate of all the currently quantifiable market and credit default risks; it assesses, therefore, the negative discrepancy between the Bank's overall result and the expected projected figure over the next twelve months. In order to ensure that the various types of risk can be compared, they have to be scaled to the same temporal reference variable (one year) and to the same confidence level (99.86%). This calls for the overnight market risks to be recalculated over 255 trading days and the selected confidence level. The confidence level of 99.86% is determined by Moody's Aa2 rating (i.e. the probability with which a company with an Aa2 rating will not become insolvent).

At the end of the year under review, the Commerzbank Group's overall economic capital was €5.2bn. It is worked out on the basis of the above-mentioned assumptions and takes account of the currently quantified market risks from trading, the maturity mismatches and the listed equity investments, as well as the credit default risk.

CAPITAL RATIOS

Pursuant to the Basle capital accord of the Bank for International Settlements (BIS), the risk-weighted assets, including off-balance-sheet business and market risks, are backed by own funds that are recognized by the supervisory authorities. These consist of core capital (Tier I), supplementary capital (Tier II) and Tier III funds. BIS requires a core capital ratio of 4%; at end-2000 (end-1999), the Parent Bank had a ratio of 6.5% (6.3%). The lower limit for the own funds ratio is 8% and the actual ratio was 9.9% (9.7%) for the Commerzbank Group as of December 31, 2000. The equity ratio in accordance with Principle I, KWG was calculated at 10.7% (10.0%) as of December 31, 2000 and the overall coefficient 9.6% (9.0%). These data are also passed on regularly to the Board of Managing Directors.

INTERNAL AUDITING

The Internal Auditing department (ZRev) forms an integral part of the Board's central risk-management system. Free from directives and external influence, it works as a unit independent of business processes on behalf of the Board of Managing Directors with the goal of identifying risks at an early stage and monitoring them.
It mainly focuses on:

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

The reports provide assessments and recommendations and suggest possible improvements; they are made available to the management and to the units audited, which report at regular intervals on the measures they have adopted. They also take the form of IT system checks and examinations of the internal control system, and cover the documentation of the risk process.

The chief emphases of the risk-oriented audits are the recognition, analysis, restriction, limit monitoring and reporting of credit default and market risks, as well as the recognition and limitation of operational risk.

- As part of rating-based loan approval powers, ZRev addresses credit default risks by checking creditworthiness at the individual transaction level, and also ensuring that the scoring procedure is being observed. Here we also include informing and warning our private customers about the risks in options and futures business, and limiting such risks.
- In examining the methods for limiting market risks arising from trading, ZRev concentrates especially on the consistency of the trading and settlement transactions (legal position) on ensuring conformity with market conditions and with the transactions to be coordinated with counterparties, on the parameters used to calculate risks and results (interest rates, prices, volatilities) and the reporting and information which is based on them.
  At least once a year, ZRev provides information on all trading units with regard to the implementation and observation of a system of limits, on completeness, accuracy and a near-time approach between trading units and the Bank's accounting in calculating positions and results. This also extends to backtesting for validating calculation models and the calculation for stress scenarios of limit utilization.
- In the area of operational risks, ZRev focuses on weak points in the settlement and control of trading procedures, particularly unstable trading systems, which will bear only limited strain, and also the lack of an essential separation of functions between trading and settlement/control, accounting and monitoring.
  One key internal auditing function is to provide support for the Bank's trading, service and staff departments in the recognition and reduction of these risks, which are barely measurable at present. At the IT level in particular, ZRev is concerned with the security and consistency of data by controlling the authorizations that are granted and by limiting the number of system users.
  In this connection, ZRev checks emergency plans (business continuity planning) in trading locations and assesses the systemic presentation of new (derivative) products in the New Product Committee.

OUTLOOK – FUTURE DEVELOPMENT

The strategic interest which we acquired at end-2000 in the software house Algorithmics Inc., specializing in risk-measurement systems, enables us to further optimize the analytical systems in the area of market and credit VaR in close cooperation with the producer.

In order to ensure that we have the latest information and to present Commerzbank's standpoint to outsiders, the Bank is involved in various national and international associations and bodies, such as the Association of German Banks and the Institute of International Finance. This means that the Bank participates in working groups devoted to topics like Basle II, operational risk, economic capital, country risk, and various sub-working groups.

The new Basle capital accord will probably entail extensive amendments to the still valid equity capital principle of KWG by 2004. The major innovations here are the creditworthiness weightings reflecting borrowers' credit standing and the certification of an internal rating procedure for measuring equity. Through national and international bodies and associations, we are contributing towards shaping the requirements for meeting the regulatory changes; internally, we are preparing for the certification of our internal rating systems by completing our database (credit risk database) and validating our rating procedure. We are giving particularly great priority to this topic, inter alia by establishing a steering committee chaired by the Bank's Chief Risk Officer.

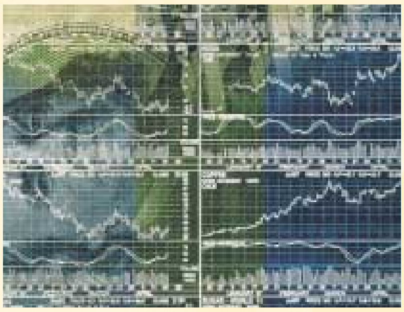
STRUCTURE OF THE COMMERZBANK GROUP

BOARD OF MANAGING DIRECTORS

Corporate divisions

Group Management	Retail Banking and Asset Management	Corporate and Investment Banking	Services
Staff departments	**Banking departments**		**Service departments**
• Accounting and Taxes • Compliance and Security • Corporate Communications and Economic Research • Credit Risk Management • Human Resources • Internal Auditing • Legal Services • Risk Control • Strategy and Controlling	• Asset Management • Retail Banking	• Corporate Finance • Corporate Banking • Real Estate • International Bank Relations • Relationship Management • Securities • Treasury/Financial Products	• Global Operations Investment Banking • IT Development • IT Production • IT Investment Banking • IT Support • Organization • Transaction Banking
	Domestic and foreign branch network		
	Cooperation in bancassurance area		
• RHEINHYP Rheinische Hypothekenbank AG • Hypothekenbank in Essen AG • Bankhaus Bauer AG • Korea Exchange Bank	• comdirect bank AG • Commerz Finanz-Management GmbH • Commerz Service GmbH • ADIG Allgemeine Deutsche Investment-Gesellschaft mbH • Commerz Asset Managers GmbH • Commerz International Capital Management GmbH • Commerzbank Investment Management GmbH • ADIG-Investment Luxemburg S.A. • Caisse Centrale de Réescompte, S.A. • Commerzbank Asset Management Italia S.p.A. • Commerzbank Europe (Ireland) • Commerzbank International S.A. • Commerzbank (Switzerland) Ltd • Jupiter International Group PLC • Montgomery Asset Management, LLC	• CBG Commerz Beteiligungsgesellschaft Holding mbH • Commerz Grundbesitz-Investmentgesellschaft mbH • CommerzLeasing und Immobilien AG • Commerzbank (Budapest) Rt. • Commerzbank (Eurasija) SAO • Commerzbank (Nederland) N.V. • Commerzbank (South East Asia) Ltd. • BRE Bank SA • Banque Marocaine du Commerce Extérieur, S.A. • P.T. Bank Finconesia • Unibanco – União de Bancos Brasileiros S.A. • Commerzbank Capital Markets Corp. • Commerzbank Capital Markets (Eastern Europe) a.s. • Commerz Securities (Japan) Co. Ltd. • Commerz Futures, LLC	• Commerz NetBusiness AG • pdv.com Beratungs-GmbH • TC Trust Center for Security in Data Networks GmbH

FINANCIAL STATEMENTS IN ACCORDANCE WITH INTERNATIONAL ACCOUNTING STANDARDS (IAS) FOR THE COMMERZBANK GROUP AS OF DECEMBER 31, 2000.



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INCOME STATEMENT

	Notes	1.1.–31.12.2000 € m	1.1.–31.12.1999 € m	Change in %
Interest received		18,811	15,150 *	24.2
Interest paid		15,295	11,943 *	28.1
Net interest income	(24)	3,516	3,207	9.6
Provisions for possible loan losses	(9, 25, 39)	685	–689	–0.6
Net interest income after provisioning		2,831	2,518	12.4
Commissions received		2,912	2,363	23.2
Commissions paid		188	170	10.6
Net commission income	(26)	2,724	2,193	24.2
Trading profit	(27)	949	592	60.3
Result on financial investments	(28, 44)	80	595	–86.6
Operating expenses	(29, 44)	5,477	4,476	22.4
Other operating result	(30)	1,127	–51	•
Profit from ordinary activities		**2,234**	**1,371**	**62.9**
Extraordinary result		–	–	•
Pre-tax profit		**2,234**	**1,371**	**62.9**
Taxes on income	(31)	823	396	107.8
After-tax profit		**1,411**	**975**	**44.7**
Profit/loss attributable to minority interests		–69	–64	7.8
Net profit	(32)	**1,342**	**911**	**47.3**

*) We have shown the interest paid and the income from interest-rate swap agreements in net form rather than gross as we did last year.

Appropriation of profit	2000 € m	1999 € m	Change in %
Net profit	1,342	911	47.3
Allocation to retained earnings	800	500	60.0
Consolidated profit	**542**	**411**	**31.9**

The consolidated profit corresponds to the distributable profit of the Parent Bank, Commerzbank Aktiengesellschaft. The proposal will be made to the AGM to resolve payment of a dividend of €0.80 per share and a non-recurrent bonus of €0.20 from the net profit of the Parent Bank. With 541.8m shares issued, this translates into an overall payout of €542m (previous year: 513.6m shares, payout €411m).

Basic earnings per share	Notes	2000 €	1999 €	Change in %
Basic earnings per share	(32)	2.59	1.83	41.5

The calculation of the basic earnings per share according to IAS is based on the net profit, with minority interests not taken into consideration. Diluted earnings per share are identical to the basic earnings per share, since – as last year – no conversion or option rights were outstanding on the balance-sheet date.

BALANCE SHEET

Assets	Notes	**31.12.2000** € m	**31.12.1999** € m	Change in %
Cash reserve	(7, 34)	7,895	8,952	−11.8
Claims on banks	(8, 35, 37, 38)	74,654	50,040	49.2
Claims on customers	(8, 36, 37, 38)	224,837	203,531	10.5
Provision for possible loan losses	(9, 39)	−5,398	−5,376	0.4
Assets held for dealing purposes	(11, 40)	69,920	45,058	55.2
Financial investments	(12, 41, 44)	76,075	62,029	22.6
Intangible assets	(13, 42, 44)	1,517	582	160.7
Fixed assets	(14, 15, 43, 44)	3,537	3,000 *	17.9
Other assets	(45)	6,625	4,224 *	56.8
Total		**459,662**	**372,040**	**23.6**

*) Leased equipment is now shown under Fixed assets, with the year-ago figures adjusted accordingly, and no longer under Other assets.

Liabilities and equity	Notes	**31.12.2000** € m	**31.12.1999** € m	Change in %
Liabilities to banks	(16, 37, 46)	103,536	72,661	42.5
Liabilities to customers	(16, 37, 47)	107,654	91,042	18.2
Securitized liabilities	(16, 48)	179,951	156,967	14.6
Liabilities from dealing activities	(17, 49)	35,726	24,305	47.0
Provisions	(18, 19, 39, 50)	2,864	2,530	13.2
Other liabilities	(51)	6,278	4,432	41.7
Subordinated capital	(52)	9,897	8,277	19.6
Minority interests		1,233	685	80.0
Equity	(22, 53, 54, 55)	12,523	11,141	12.4
Subscribed capital		1,386	1,335	3.8
Capital reserve		6,052	5,390	12.3
Retained earnings		4,543	4,005	13.4
Consolidated profit		542	411	31.9
Total		**459,662**	**372,040**	**23.6**

STATEMENT OF CHANGES IN EQUITY

€ m	Subscribed capital	Capital reserve	Retained earnings	Consolidated profit	**Total 2000**	**Total 1999**
Equity as of 1.1.	1,335	5,390	4,005	411	11,141	10,060
Capital increase for cash	43	565	–	–	608	123
Capital increase against contributions in kind	25	335	–	–	360	–
Issue of shares to employees	5	64	–	–	69	44
Shares issued through exercising of option rights	–	–	–	–	–	216
Allocation to retained earnings from net profit	–	–	800	–	800	500
Distribution of profit	–	–	–	–411	–411	–380
Consolidated profit	–	–	–	542	542	411
Other changes	–	–69	–262	–	–331	157
Purchase of treasury shares	–22	–233	–	–	–255	–3
Sale of treasury shares	–	–	–	–	–	13
Equity as of 31.12.	**1,386**	**6,052**	**4,543**	**542**	**12,523**	**11,141**

As of December 31, 2000, the subscribed capital of Commerzbank Aktiengesellschaft stood at €1,408,751,234.80 pursuant to the Bank's statutes; it is divided into 541,827,398 no-par-value shares (notional value per share: €2.60). After the 8,593,654 treasury shares held by the Bank on December 31, 2000, are deducted, its subscribed capital amounts to €1,386,407,734.40.

The Bank made use of the authorization – resolved at the Annual General Meeting of May 26, 2000 – to purchase its own shares for the purpose of securities trading, pursuant to Art. 71, (1), no. 7, German Stock Corporation Act – AktG. Gains and losses from trading in the Bank's own shares do not appear in the income statement and are shown under Other changes. Other changes in retained earnings relate not only to exchange-rate fluctuations but also to changes in equity at associated companies which, in accordance with IAS 28, have to be shown on a pro-rata, income-neutral basis.

No use was made in the 2000 financial year of the resolution of the Annual General Meeting of May 26, 2000, authorizing the Bank to repurchase its own shares pursuant to Art. 71, (1), 8, AktG, for purposes other than securities trading.

CASH FLOW STATEMENT

	2000 € m	1999 € m	Change in %
Net profit	**1,342**	**911**	**47.3**
Non-cash positions in net profit and adjustments to reconcile net profit with net cash provided by operating activities:			
Write-downs, depreciation, adjustments, write-ups to fixed and financial assets and changes in provisions	2,480	2,986	−16.9
Change in other non-cash positions:			
Positive and negative market values from financial derivative instruments	5,774	−1,042	•
Net allocations to deferred taxes	235	305	23.0
Profit from the sale of financial investments	−231	−640	−63.9
Profit from the sale of fixed assets	17	−7	•
Other adjustments (net)	−3,516	−3,206	9.7
Sub-total	**6,101**	**−693**	**•**
Change in assets and liabilities from operating activities after correction for non-cash components:			
Claims on banks	−24,614	8,121	•
Claims on customers	−21,306	−19,276	10.5
Securities held for dealing purposes	−19,804	−6,966	•
Other assets from operating activities	−2,438	−6,689	−63.6
Liabilities to banks	30,875	4,927	•
Liabilities to customers	16,612	−2,545	•
Securitized liabilities	22,984	35,155	−34.6
Other liabilities from operating activities	1,726	1,176	46.8
Interest and dividends received	18,811	15,150	24.2
Interest paid	−15,295	−11,944	28.1
Income tax paid	−474	−975	−51.4
Net cash provided by operating activities	**13,178**	**15,441**	**−14.7**
Proceeds from the sale of:			
Financial investments	49,678	33,176	49.7
Fixed assets	576	292	97.3
Payments for the acquisition of:			
Financial investments	−63,546	−48,215	31.8
Fixed assets	−2,654	−880	•
Effects of changes in the group of companies included in the consolidation	−225	–	•
Payments from the acquisition of subsidiaries	–	−309	•
Net cash used by investing activities	**−16,171**	**−15,936**	**1.5**
Proceeds from capital increases	713	393	81.4
Dividends paid	−411	−380	8.2
Other financing activities (net)	1,620	2,765	−41.4
Net cash provided by financing activities	**1,922**	**2,778**	**−30.8**
Cash and cash equivalents at end of previous period	**8,952**	**6,734**	**32.9**
Net cash provided by operating activities	13,178	15,441	−14.7
Net cash used by investing activities	−16,171	−15,936	1.5
Net cash provided by financing activities	1,922	2,778	−30.8
Effects of exchange-rate changes on cash and cash equivalents	14	−65	•
Cash and cash equivalents at end of period	**7,895**	**8,952**	**−11.8**

The cash flow statement shows the structure of and changes in cash and cash equivalents during a financial year. It is broken down into operating activities, investing activities and financing activities.

Under net cash provided by operating activities, payments (inflows and outflows) from claims on banks and customers and also securities from the trading portfolio and other assets are shown. Additions and disposals from liabilities to banks and customers, securitized liabilities and other liabilities also belong to operating activities. The interest and dividend payments resulting from operating activities are similarly reflected in the net cash provided by operating activities.

The net cash provided by financing activities covers the proceeds from capital increases, against which dividend payments are set off and basically payments received and made with regard to subordinated capital.

We define cash and cash equivalents as the balance-sheet item Cash reserve, which includes cash on hand, balances held at central banks and also debt issued by public-sector borrowers and bills of exchange eligible for rediscounting at central banks. Claims on banks which are due on demand are not included, as we regard these as part of operating business.

CONSOLIDATED ACCOUNTING PRINCIPLES

As in the previous year, the Commerzbank Group's financial statements as of December 31, 1999 were prepared in accordance with the directives 83/349/EEC (directive on consolidated financial statements) and 86/635/EEC (directive on annual accounts of banks) on the basis of the International Accounting Standards (IASs) approved and published by the International Accounting Committee (IASC) and with their interpretation by the Standing Interpretations Committee (SIC). A summary of the regulations that have been applied can be found on page 75ff. The necessary compliance with the directive on the annual accounts of banks was achieved by means of the appropriate structuring of items in the Notes. Pursuant to Art. 292a, German Commercial Code (HGB), these consolidated financial statements prepared in accordance with IAS meet the obligations with regard to German financial reporting. We have presented the main differences between IAS financial statements and financial statements prepared in accordance with German accounting rules on page 84.

The consolidated financial statements also reflect the standards approved by the German Accounting Standards Board (GASB) and published by the German Federal Ministry of Justice pursuant to Art. 342, (2), HGB.

In the preparation of the consolidated financial statements, the relevant requirements of the German legislation for control and transparency in the corporate sector (KonTraG) were met in the notes on the consolidated accounts. In addition, a report on the risks related to future developments (Risk report pursuant to Art. 315, (1), HGB) appears on pages 46–64.

In addition to the income statement and the balance sheet, the consolidated financial statements include the statement of changes in equity, a cash flow statement and the notes. Segment reporting appears in the notes on pages 92–96.

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

NOTES

ACCOUNTING AND VALUATION METHODS

(1) BASIC PRINCIPLES

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

All the companies included in the consolidation prepared their financial statements as of December 31, 2000.

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

(2) CHANGES IN ACCOUNTING AND DISCLOSURE METHODS

Contrary to our previous practice, we now show all securities-lending transactions in the balance sheet. The re-transfer of claims for lent securities appear on a counterparty basis under Claims on banks or Claims on customers, while borrowed securities are shown under our securities trading portfolio or under Financial investments. In the case of borrowed securities, a commitment to return them is entered at the same time as a liability under Liabilities to banks or Liabilities to customers. As they are immaterial, we have not adjusted the year-ago figures; in terms of the consolidated balance sheet, an adjustment would have amounted to less than 1%. This change has had no effect on the income statement.

In order to make the figures more compatible at the national and international levels, we now show leased equipment, with adjusted year-ago figures, under Fixed assets and no longer under Other assets.

For the purpose of making figures in the banking area uniform, leasing business, securities-lending and reverse repos are not included in total lending any more. We have adjusted the year-ago figures accordingly.

The interest paid and received under interest-rate swap agreements for securing balance-sheet transactions, shown in gross terms last year, is now presented in net form, with adjusted year-earlier figures.

(3) IAS, SIC, GASB RULES APPLIED

There is regularly a gap in time between the approval of an IAS or an interpretation by the SIC and its effective date. As a rule, however, the IASC recommends the early application of not yet effective, but already approved, standards and interpretations.

Within the Commerzbank Group, we have based our accounting and valuation on all the IASs approved and published by December 31, 2000. The exception here is IAS 39 (Financial instruments: recognition and measurement), which will not have to be applied before the 2001 financial year.

Our consolidated financial statement for 2000 is based, therefore, on the following IASs with relevance for the Commerzbank Group:

IAS 1	Presentation of financial statements
IAS 4	Depreciation accounting (partly revoked, amended or complemented by application of IAS 16, 22 and 38)
IAS 7	Cash flow statements
IAS 8	Profit or loss for the period, fundamental errors and changes in accounting policies
IAS 10	Events after the balance-sheet date
IAS 12	Income taxes
IAS 14	Segment reporting
IAS 16	Property, plant and equipment
IAS 17	Leases
IAS 18	Revenue
IAS 19	Employee benefits
IAS 21	The effects of changes in foreign-exchange rates
IAS 22	Business combinations
IAS 23	Borrowing costs
IAS 24	Related party disclosures
IAS 25	Accounting for investments
IAS 27	Consolidated financial statements and accounting for investments in subsidiaries
IAS 28	Accounting for investments in associates
IAS 30	Disclosures in the financial statements of banks and similar financial institutions
IAS 31	Financial reporting of interests in joint ventures
IAS 32	Financial instruments: disclosures and presentation
IAS 33	Earnings per share
IAS 36	Impairment of assets
IAS 37	Provisions, contingent liabilities and contingent assets
IAS 38	Intangible assets

IAS 39 (not yet applied IAS on the recognition and measurement of financial instruments):
At end-1998, the IASC approved IAS 39. This standard is to be applied for financial years beginning on or after January 1, 2001. IAS 39 regulates the recognition of financial instruments, which include not only original instruments (in particular claims, equities, interest-bearing securities) but also all forms of derivative instruments (e.g. swaps, options, futures, forward agreements). All financial instruments – including derivatives (hedging and trading) – have to be shown in the balance sheet in future. On principle, financial instruments representing a financial asset are valued at their fair value, with the exception of securities with a fixed maturity held until they finally fall due, original loans and claims; these are shown at their net book values. On principle, financial instruments on the liabilities side (financial liabilities) are shown at their net book values, with the exception of financial liabilities and derivatives held for trading purposes, with a negative market value; these are shown at their fair value.

IAS 39 also regulates the conditions for hedge accounting in the balance sheet and income statement. The criteria for recognition of hedges for accounting purposes are formulated restrictively. If a hedging strategy fails to meet these criteria, the hedge accounting rules may not be applied. This will clearly lead to the income statement becoming more volatile.

We have undertaken all the measures necessary for implementing IAS 39 throughout the Group. Application of the new standard will have an impact on the Group's income statement and equity in the future.

In addition to the standards listed above, we have also applied the following SIC interpretations that are relevant for us:

		relates to
SIC-2	Consistency – capitalization of borrowing costs	IAS 23
SIC-3	Elimination of unrealized profits and losses on transactions with associates	IAS 28
SIC-5	Classification of financial instruments – contingent settlement provisions	IAS 32
SIC-6	Costs of modifying existing software	IAS framework
SIC-7	Introduction of the euro	IAS 21
SIC-9	Business combinations – classification either as acquisitions or unitings of interests	IAS 22
SIC-12	Consolidation – special-purpose entities	IAS 27
SIC-15	Operating leases – incentives	IAS 17
SIC-16	Share capital – reacquired own equity instruments (treasury shares)	IAS 32
SIC-17	Equity – costs of an equity transaction	IAS 32
SIC-18	Consistency – alternative methods	IAS 1
SIC-20	Equity accounting method – recognition of losses	IAS 28
SIC-24	Earnings per share – financial instruments and other contracts that may be settled in shares	IAS 33
SIC-25	Income taxes – changes in the tax status of an enterprise or its shareholders	IAS 12

The present consolidated financial statements apply SIC-12, Consolidation – special-purpose entities, which was published in November 1998 and has to be applied for annual reporting periods beginning on or after July 1, 1999.

This interpretation regulates the consolidation of special-purpose entities (SPEs). SPEs are generally formed in order to achieve a certain precisely determined and narrowly defined goal.

Pursuant to SIC-12, SPEs should be consolidated when from the economic standpoint a relationship of control has to be assumed. The concept of control used in IAS 27 which emerges here thus has to be applied independently of any given equity participation or share of voting rights held in the SPE.

In the year under review, we examined the whole Group, including the non-publicly-offered funds, in order to identify SPEs which needed to be consolidated. SIC-12 had no impact on the consolidated companies.

Furthermore, in the present consolidated financial statements the following German Accounting Standards (GAS) have been applied, which are relevant for us and which have been approved by German Accounting Standards Board and announced by the German Federal Ministry of Justice up to December 31, 2000, in accordance with Art. 342, (2), HGB:

GAS 1	Exempting consolidated financial statements in accordance with §292a, HGB
GAS 2	Cash flow statements
GAS 2-10	Cash flow statements of financial institutions
GAS 3	Segment reporting
GAS 3-10	Segment reporting of banks
GAS 4	Purchase accounting in consolidated financial statements
GAS 5-10	Risk reporting by financial enterprises

(4) CONSOLIDATED COMPANIES

The consolidated financial statements as of December 31, 2000, include in addition to the Parent Bank – Commerzbank AG – 108 subsidiaries (102 in 1999), in which Commerzbank AG holds more than 50% of the capital directly or indirectly, or exerts control over them. Of these, 44 have their legal seat in Germany (44 in 1999) and 64 (58 in 1999) elsewhere.

Deutsche Schiffsbank AG (Bremen/Hamburg) has been consolidated on a pro-rata basis, reflecting our 40% shareholding in the company.

Five major associated companies (eight in 1999) – two of them based in Germany – are valued using the equity method.

173 subsidiaries and associated companies (142 in 1999) of marginal significance for the Group's asset and financial position and earnings performance have not been included; instead, they have been shown at historical cost under Financial investments as holdings in subsidiaries or investments. In terms of the Group's overall balance-sheet total, a difference of less than 0.1% arises as a result (0.1% in 1999).

The Commerzbank Group also comprises three sub-groups:

- CommerzLeasing und Immobilien AG, Düsseldorf
- Jupiter International Group PLC, London
- comdirect bank AG, Quickborn,

which have presented sub-group financial statements.

The following eleven subsidiaries – two of them based in Germany – were included in the consolidation for the first time in the year 2000:

- BRE Bank SA, Warsaw
- CCR Chevrillon Philippe, Paris
- comdirect nomineee ltd., London
- Paresco Patrimoine SARL, Milan
- comdirect services S.p.A., Milan
- Commerz Europe Ireland Inc., Wilmington/Delaware
- Commerzbank Società di Gestione del Risparmio SpA, Rome
- COBRA Projekt- und Objektmanagement GmbH, Frankfurt am Main
- CommerzLeasing Auto GmbH, Düsseldorf
- Gracechurch Ltd., London

For the first time, COMUNITHY Immobilien AG, Düsseldorf, was shown at equity.

BRE Bank SA, Warsaw, shown at equity in the previous year was included as a subsidiary in the consolidated financial statements as of October 31, 2000, after we had raised our equity participation from 48.8% to 50% and now control more than 50% of the exercised voting rights. At end-1999, BRE Bank SA had a balance-sheet total of PLN14.5bn. The net profit for the 1999 financial year, calculated on the basis of local accounting rules, amounted to PLN665m.

We paid €10.5m to acquire 1.2% of its capital; all told, the purchase price for 50% of its shares totalled €225m.

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

- CB Finance Company B.V., Amsterdam
- AF Ltd. i.L., Bermuda
- AGF Ltd. i.L., Bermuda
- NORA GVG mbH & Co. Objekt Düsseldorf KG, Düsseldorf
- TERTIO GVG mbH, Düsseldorf

A comprehensive list of the companies included in our consolidated financial statements as subsidiaries, joint ventures or associated companies can be found on pages 132 to 135.

(5) PRINCIPLES OF CONSOLIDATION

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

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

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

Associated companies are valued according to the equity method and are shown as investments in associated companies under Financial investments. The value of these investments and the differences in amount (goodwill) are worked out at the time of their first inclusion in the consolidated financial statements, applying the same rules as for subsidiaries. The equity valuation is based on the financial statements of associated companies that are prepared in accordance with local accounting rules.

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

(6) CURRENCY TRANSLATION

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

As a result of their economically independent business activity, the financial statements of our units abroad that are drawn up in foreign currencies are translated at the spot rates of the balance-sheet date.

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

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

	31.12.2000	**31.12.1999**
USD	0.9373	1.0046
JPY	107.23	102.73
GBP	0.62655	0.6217
CHF	1.5215	1.6051

(7) CASH RESERVE

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

(8) CLAIMS

Claims on banks and customers are shown at either their nominal value or at cost. Differences between the amount paid out and the nominal amounts are recognized under Other assets or Other liabilities and booked on a pro-rata basis as interest paid or interest received.

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

(9) PROVISION FOR POSSIBLE LOAN LOSSES

We fully provide for the particular risks associated with banking business by forming individual value adjustments, country value adjustments and global value adjustments.

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

In the case of loans to borrowers involving an enhanced transfer risk (country risk), the economic situation is assessed on the basis of appropriate economic data. The findings are weighted by the respective internal country rating. Wherever necessary, country value adjustments are formed.

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

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

Unrecoverable accounts are written down immediately. Amounts received on written-down claims appear in the income statement.

(10) GENUINE REPURCHASE AGREEMENTS (REPO DEALS) AND SECURITIES-LENDING BUSINESS

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

The outflows of liquidity caused by reverse repos appear as claims on banks or customers. The securities sold under repurchase agreements and on which the financial transaction is based (spot purchase) are not shown in the balance sheet, nor are they assigned a value. Interest from reverse repos is counted as interest income. Claims arising from reverse repos are not netted against liabilities from repos involving the same counterparty.

According to counterparty (borrower), we treat lent securities as claims on banks or claims on customers. In evaluating claims to the re-transfer of securities which we lend, we apply the same valuation methods as for assets held for dealing purposes – in the case of the trading portfolio – or the same as for financial investments – in the case of the financial investment portfolio. Securities borrowed by the Group from third parties, insofar as they are still held in the portfolio, appear under either Assets held for dealing purposes or Financial investments. We show commitments to return securities under Liabilities to banks or customers.

(11) ASSETS HELD FOR DEALING PURPOSES

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

(12) FINANCIAL INVESTMENTS

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

The securities serving investment purposes are either held until maturity or, in line with the Bank's intention, are not available within the framework of ordinary trading activities.

All securities held as financial investments have been shown at their net book value; if their value is permanently impaired, they appear at their lower value. Insofar as the reasons for the write-down no longer apply, we make a write-up to at most the original cost price.

(13) INTANGIBLE ASSETS

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

In the 2000 financial year, no extraordinary depreciation had to be made on intangible assets.

	probable useful life in years
Goodwill	15
Software	2 – 5
Other	2 – 10

(14) FIXED ASSETS

The land and buildings, and also office furniture and equipment shown under this item are capitalized at cost and depreciated to reflect their probable useful economic lives. Extraordinary depreciation and write-offs are made if the value is permanently impaired.

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

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

In line with the materiality principle, purchases of low-value fixed assets are immediately regarded as operating expenses. Profits realized on the disposal of fixed assets are recognized under Other operating income, losses are shown under Other operating expenses.

(15) LEASING

– The Group as lessor –

Almost exclusively, the business of the leasing companies within the Commerzbank Group involves operating leases, in which the lessor retains economic ownership of the object of the contract. Leased equipment appears in the consolidated balance sheet under Fixed assets. Leased objects are shown at cost or production cost, less regular depreciation over their probable useful economic lives or extraordinary depreciation necessary on account of permanent impairments of value. Unless a different distribution suggests itself in individual cases, the proceeds from leasing transactions are recognized on a straight-line basis over the lifetime of the contract and are shown under Net interest income.

– The Group as lessee –

The payments made under operating lease contracts are included under Operating expenses. The costs are computed like a rental payment on a regular basis that corresponds to the useful life of the equipment.

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

(16) LIABILITIES

Liabilities are shown in the balance sheet at the respective amounts to be repaid. The difference between the issue price of liabilities and their nominal value appears under Other assets and is written back on a pro-rata basis. Long-dated discounted bonds are capitalized at their cash value.

(17) LIABILITIES FROM DEALING ACTIVITIES

Financial derivative instruments used in proprietary trading which have a negative market value are shown as Liabilities from dealing activities. Such liabilities appear at their fair value.

(18) PROVISIONS FOR PENSIONS AND SIMILAR COMMITMENTS

For employees at the Parent Bank and at some subsidiaries in Germany, provision for old age is made both directly – financed by means of provisions – and through contributions to Versicherungsverein des Bankgewerbes a.G. (BVV), Berlin, and to Versorgungskasse des Bankgewerbes e.V., Berlin. The old-age benefit system is based on payments from the Parent Bank and from several of its subsidiaries and on contributions paid into the BVV or Versorgungskasse. At various units abroad, contributions are paid into banking-industry pension schemes. In the case of contribution-based schemes, payments to the pension institutions are recognized as expenses for the current period.

The scale of the provisions for the payment-based system of old-age provision depends on the length of service, the pensionable salary and the currently valid scales for employer subsidies.

All provisions for pensions are calculated by means of the projected-unit-credit method in accordance with IAS 19 (Employee benefits). Future commitments are worked out on the basis of actuarial surveys. This calculation takes into account not only the existing pensions and pension expectancies on the balance-sheet date, but also the rates of increase for salaries and pensions that can be expected in the future. In order to determine the cash value of the pension commitments, a current market interest rate is used. We only recognize higher or lower commitments as a result of actuarial calculations if they lie outside a 10% fluctuation band of the actuarially estimated value.

Assumptions on which the actuarial calculations are based:

	31.12.2000	31.12.1999
Calculatory interest rate	6.50%	5.75%
Change in salaries	3.50%	3.00%
Adjustment to pensions	2.00%	2.00%

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

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

(19) OTHER PROVISIONS

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

(20) TAXES ON INCOME

Taxes on income are calculated and shown in accordance with IAS 12.

Current tax assets and liabilities are calculated by applying the valid tax rates at which a refund from or a payment to the relevant fiscal authorities is expected.

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

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

(21) TRUST BUSINESS

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

(22) TREASURY SHARES

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

(23) STAFF REMUNERATION PLANS

For its executives and selected other members of staff, the Group has approved two ”long-term performance plans” (LTP). These virtual share option plans, introduced in 1999 and 2000, entail a payment commitment if the price of the Commerzbank share outperforms the Dow Jones Euro Stoxx® Bank index (LTP 1999 and 2000) and/or the absolute performance of the Commerzbank share amounts to at least 25% (LTP 2000).

LTP 1999 will run for three years, which, depending on the target being attained (outperformance), may be extended to a maximum of five years. Payment will be linked to a rise in the performance of the Commerzbank share against the Dow Jones Euro Stoxx® Bank index within a range of 1 to 10 percentage points. Depending on the employee's function group and performance at the time when the plan was introduced and also on the percentage of outperformance, the employee can receive between €10,000 and €150,000. Should the target not be attained after three years, a fresh valuation will be made after four years and, for a final time, after five years. If no minimal level of outperformance has been attained by that time, the claim to payment under LTP 1999 will expire.

LTP 2000 calls for participation on the part of those covered by the plan. The extent of such participation (number of shares) depends on the function group of the person covered by the plan (possible participation: between 100 and 1,200 shares). Payment under this plan will be determined by two criteria:

For 50% of the shares,

- Outperformance by the Commerzbank share of the Dow Jones Euro Stoxx® Bank index (payment guaranteed by outperformance of at least 1 percentage point to a maximum of 10 percentage points).

For 50% of the shares,

- an absolute rise of the Commerzbank share (payment guaranteed by a rise of at least 25 percentage points to a maximum of 52 percentage points).

If a maximal achievement of the criteria is registered, those covered by the plan will receive €100 per share of their own participation, whereby Commerzbank shares are deposited in the participant's custody account for 50% of this gross amount.

The first comparison with the base prices of the first quarter of 2000 will be made with the data for the comparable period after three years. Should none of the exercising criteria have been met after this time has elapsed, comparison will be made with the base data at annual intervals. If none of the performance targets have been achieved after five years, the plan will be terminated.

In accordance with the relevant GASB position paper, we calculate annually the pro-rata overall value of the LTP offered to managerial staff or subscribed to by this group; wherever necessary, we form a provision, shown under Operating expenses. There was no need to form a provision for the 2000 financial year.

In addition, the possibility exists at asset-management subsidiaries for a select number of executives to participate in the performance of the respective company by means of private equity models. If certain fixed performance targets are reached, participants receive payments. For such models, we calculate the need for provisions annually, using suitable methods, and show this under Operating expenses.

IPO OF COMDIRECT BANK AG

Since June 5, 2000, the shares of our subsidiary comdirect bank AG have been listed on the Neuer Markt. In connection with its stock-market launch, 20.5m new shares from a capital increase were issued, with a further 7.6m deriving from the portfolio of the Parent Bank. Previously, Commerzbank AG had sold 30m shares of comdirect bank AG to T-Online International AG.

The disposal of 37.6m shares previously held by the Parent Bank yielded a profit of €856m, which is included under Other operating income in the consolidated income statement.

In addition, the capital increase involving 20.5m shares of comdirect bank AG, in which Commerzbank did not participate, gave rise to a further tax-exempt book gain of €360m within the Group, which appears under the same item.

From the Group standpoint, the capital increase of comdirect bank AG was not a capital increase, but rather a partial sale of shares to third parties, in which hidden reserves were realized. All in all, comdirect bank AG raised €635.5m through the placing of its shares (issue price of €31 per share). Given the new shareholder structure, €263m of this amount is attributable to minority interests and €373m to the Group. Once the pro-rata original book value is deducted, the Group achieved this book profit of €360m. It is included in the consolidated income statement under Other operating income.

Prior to the capital increase, the Group held 68.7% of the capital of comdirect bank AG; subsequently its share was reduced to 58.7%.

MAJOR DIFFERENCES IN ACCOUNTING, VALUATION AND CONSOLIDATION METHODS: IAS COMPARED WITH HGB

The objective of financial statements based on IAS is to help investors make decisions by providing them with information on the Group's asset and financial position and its earnings performance and also changes in these over time. Compared with this capital-market orientation, financial statements based on HGB are primarily geared to investor protection and are also influenced by tax-law provisions due to their authoritative character for the balance sheet prepared for tax purposes. Given these different objectives, the following major differences in accounting and valuation methods arise between German HGB and IAS in our consolidated financial statements:

PROVISION FOR POSSIBLE LOAN LOSSES

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

SECURITIES AND DERIVATIVE INSTRUMENTS IN THE TRADING PORTFOLIO

The currently valid IASs assign securities to either trading or financial investment portfolios. Reflecting their character, securities held for liquidity purposes in accordance with HGB are counted as financial investments. Trading portfolios are valued and shown at their fair value; this also implies that unrealized gains and losses are recognized under the Trading profit. The same holds true for the recognition and valuation of financial derivative instruments used for trading purposes, which appear under Assets held for dealing purposes or Liabilities from dealing activities. Under IAS rules, financial investment portfolios are shown at cost and only if their value is likely to be permanently impaired are they written down; in HGB accounting, the lower-of-cost-or-market principle is applied.

INTANGIBLE ASSETS DEVELOPED IN-HOUSE AND GOODWILL

Whereas intangible assets developed in-house may not be recognized under HGB rules, IAS requires this, if certain conditions are fulfilled. Goodwill, resulting from the full consolidation of subsidiaries which in accordance with HGB provisions may be set off directly against retained earnings in the consolidated financial statements, has to be recognized and amortized under IAS rules.

PENSION COMMITMENTS

In accordance with IAS, pension commitments are calculated using the projected-unit-credit method. The calculation takes account of future commitments, reflecting future increases in pay and pensions and also inflation. The discount factor under IAS rules is related to the long-term interest rate. By contrast, HGB accounting is geared to the relevant income-tax regulations.

OTHER PROVISIONS

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

DEFERRED TAX ASSETS AND LIABILITIES

Under IAS rules, tax assets and liabilities are calculated with reference to the balance sheet. Under certain conditions, IAS requires that losses carried forward be accrued if it can be assumed that they will be used at a later date. Differences must be valued by applying expected tax rates.

EQUITY

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

TRUST BUSINESS

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

NOTES TO THE INCOME STATEMENT

(24) NET INTEREST INCOME

	2000 € m	1999 € m	Change in %
Interest income from lending and money-market transactions	15,266	12,441	22.7
Interest income from securities held as financial investments	2,903	2,300	26.2
Dividends from securities held as financial investments	115	52	121.2
Current result from investments	215	121	77.7
Current result from investments in associated companies	−57	22	•
Current result from holdings in subsidiaries	49	5	•
Current income from leasing	320	209	53.1
Interest paid on subordinated capital	626	473	32.3
Interest paid on securitized liabilities	6,701	5,839	14.8
Interest paid on deposits and other items	7,691	5,456	41.0
Current expenses from leasing	277	175	58.3
Total	**3,516**	**3,207**	**9.6**

(25) PROVISIONS FOR POSSIBLE LOAN LOSSES

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

	2000 € m	1999 € m	Change in %
Allocation to provisions	−1,369	−1,302	5.1
Write-back of provisions	712	593	20.1
Direct write-downs	−40	−23	73.9
Income received on written-down claims	12	43	−72.1
Total	**−685**	**−689**	**−0.6**

(26) NET COMMISSION INCOME

	2000 € m	1999 € m	Change in %
Securities transactions	1,329	942	41.1
Asset management	585	495	18.2
Foreign commercial business (1)	238	192	24.0
Payment transactions	164	175	−6.3
Guarantees	122	112	8.9
Other (1)	286	277	3.2
Total	**2,724**	**2,193**	**24.2**

(1) In the figures for the previous year, we have transferred €58m from other commissions to commissions from foreign commercial business.

(27) TRADING PROFIT

We calculate the trading profit according to the mark-to-market method, i.e. all trading instruments are shown at their fair value. The data used are always based on market prices. For non-listed products, fair values are worked out with the aid of the present-value method or suitable option-price models. Apart from the results deriving from trading activities, the trading profit also includes all the interest and dividend income and funding costs.

	2000 € m	1999 € m	Change in %
Securities department*	809	425	90.4
Treasury and Financial Products department	122	71	71.8
Other	18	96	–81.3
Total	**949**	**592**	**60.3**

*) Shown in the previous year as the departments Global Bonds and Global Equities.

Breakdown of the trading profit into proceeds from disposals, valuation result and interest income:

	Bonds and interest-rate derivatives		Equities and other price risks		Foreign exchange, notes and coin, and precious metals		Total		
	2000 € m	**1999** € m	**2000** € m	**1999** € m	**2000** € m	**1999** € m	**2000** € m	**1999** € m	Change in %
Proceeds from disposals	139	277	511	316	156	77	806	670	20.3
Valuation result	–36	–22	316	3	5	2	285	–17	•
Total	**103**	**255**	**827**	**319**	**161**	**79**	**1,091**	**653**	**67.1**
Interest and dividend income	1,312	880	1,250	167	–	–	2,562	1,047	144.7
Interest paid to finance securities	1,205	885	1,499	223	–	–	2,704	1,108	144.0
Interest income	**107**	**–5**	**–249**	**–56**	**–**	**–**	**–142**	**–61**	**132.8**
Disposals/valuation result and interest income	**210**	**250**	**578**	**263**	**161**	**79**	**949**	**592**	**60.3**

(28) RESULT ON FINANCIAL INVESTMENTS

Under the Result on financial investments, we show the disposal proceeds and valuation of securities held as financial investments, investments, investments in associated companies and holdings in subsidiaries which have not been consolidated.

	2000 € m	**1999** € m	Change in %
Result on securities held as financial investments	92	226	–59.3
Result on disposals of investments, investments in associated companies and holdings in subsidiaries	72	361	–80.1
Valuation result of write-downs on investments and holdings in subsidiaries	–84	8	•
Total	**80**	**595**	**–86.6**

In the previous year, the result on disposals of investments, investments in associated companies and holdings in subsidiaries above all represented the income from the sale of WinCom (DBV shareholding).

(29) OPERATING EXPENSES

The Group's Operating expenses consist of personnel and other costs, and depreciation on office furniture and equipment, real property, and also on other intangible assets. They were 22.4% higher than a year earlier at €5,477m and break down as follows:

Personnel costs

	2000 € m	**1999** € m	Change in %
Wages and salaries	2,428	1,892	28.3
Compulsory social-security contributions	322	281	14.6
Expenses for pensions and other employee benefits	257	230	11.7
Total	**3,007**	**2,403**	**25.1**

Other expenses

	2000 € m	1999 € m	Change in %
Expenses for office space	529	493	7.3
IT costs	491	525	–6.5
Compulsory contributions, other administrative and company-law expenses	350	268	30.6
Advertising, PR and promotional costs, consulting	197	131	50.4
Other expenses	403	257	56.8
Total	**1,970**	**1,674**	**17.7**

Expenses of €296m (€260m in 1999) arising from leasing contracts are included in Other expenses.

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

	2000 € m	1999 € m	Change in %
Office furniture and equipment	422	373	13.1
Real property	61	20	•
Other intangible assets	17	6	183.3
Total	**500**	**399**	**25.3**

(30) OTHER OPERATING RESULT

The Other operating result primarily comprises allocations to and write-backs of provisions, as well as expenses and income from building and architects' services. Expenses and income arising from building and architects' fees occur in connection with the construction management of our sub-group CommerzLeasing und Immobilien AG. The amortization of goodwill is also shown here. Sundry expense items include other taxes. Under other operating income for the 2000 financial year, we also show income of €1,216m, which was achieved in connection with the stock-exchange introduction of comdirect bank AG (for further details, see page 83).

	2000 € m	1999 € m	Change in %
Other operating expenses	**524**	**513**	**2.1**
Expenses arising from building and architects' services	41	104	−60.6
Allocations to provisions	74	72	2.8
Amortization of goodwill	88	32	175.0
Interim rental costs and lease-purchase expenses	119	115	3.5
Sundry expense items	202	190	6.3
Other operating income	**1,651**	**462**	•
Income from the IPO of comdirect bank AG	1,216	–	•
Income from building and architects' services	45	112	−59.8
Income from disposal of fixed assets	51	12	•
Write-backs of provisions	21	50	−58.0
Interim rental income and lease-purchase proceeds	120	114	5.3
Sundry income items	198	174	13.8
Other operating result	**1,127**	**−51**	•

(31) TAXES ON INCOME

The income-tax expenses break down as follows:

	2000 € m	1999 € m	Change in %
Current taxes on income	603	1,041	−42.1
Deferred taxes	220	−645	•
Total	**823**	**396**	**107.8**

Deferred taxes include deferred tax income of €71m, due to tax advantages accrued in the year 2000, deriving from unused loss carryforwards. The deferred tax items (Notes 45 and 51) take account of the resolved lowering of corporate income-tax rates from 40% for retained profits and 30% for distributed profits to a uniform 25% in the case of the German incorporated companies.

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

	2000 € m	1999 € m	Change in %
Profit from ordinary activities multiplied by the German income-tax rate 52% (52% in 1999)	2,234	1,371	62.9
Calculated income-tax expenses in past financial year at German income-tax rate	1,162	713	63.0
Effects of different income-tax rates in various countries where Group companies are based and changes in tax rates	28	−162	•
Effects of amortization of goodwill	46	10	•
Effects of permanent valuation differences	−165	−152	8.6
Effects of recognized tax-exempt income	−248	−13	•
Taxes on income	**823**	**396**	**107.8**

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

The effects due to different tax rates abroad arise because income-tax rates in the various countries where members of the Group are based range between 10% and 48% (10% and 53.19%, respectively, in the previous year), thus deviating from the income-tax rate applied in Germany. These also include the effects of making adjustments to deferred taxes on both the assets and the liabilities side during the past financial year as a result of changes in income-tax rates.

(32) BASIC EARNINGS PER SHARE

Basic earnings per share	**31.12.2000**	**31.12.1999**	Change in %
Net profit (€ m)	1,342	911	47.3
Average number of ordinary shares outstanding (units)	517,688,784	498,049,762	3.9
Basic earnings per share (€)	2.59	1.83	41.5

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

At end-2000, no convertible bonds or bonds with warrants attached, or conversion or option rights, were outstanding. The diluted earnings per share, therefore, corresponds to the basic earnings per share.

(33) SEGMENT REPORTING

The results of the business areas covered by the Commerzbank Group are reflected in segment reporting. Segmentation into business areas is based on the Group's internal organization structure, which since January 1, 2001, has consisted of two divisions: Retail Banking and Asset Management, on the one hand, and Corporate and Investment Banking, on the other.

The Group's structure was reorganized at end-2000 in order to reflect its future strategic orientation.

The Retail Banking and Asset Management division covers business with retail and individual customers as well as asset-management activities.

The Corporate and Investment Banking division comprises our corporate customer activities and business involving institutions, as well as the trading sections of investment banking. We show the mortgage banks separately.

The existing structure of the Group Management and Services divisions was left unchanged, including their responsibility for cross-sectional functions.

Survey of the divisional structure

Retail Banking and Asset Management division	Retail Banking department Asset Management department
Corporate and Investment Banking division	Corporate Banking department [1] Relationship Management department [1] International Bank Relations department [1] Corporate Finance department [1] Real Estate department [1] Securities department Treasury and Financial Products department
Mortgage Banks	

[1] Grouped together in segment reporting under corporate customers and institutions

In order to achieve greater transparency, we have reported this year on the results of the individual areas of business which we define as primary segments, rather than on divisions. In doing this, we have grouped together several areas. For economy reasons, the year-ago figures have not been adjusted to reflect the new system.

Our segment reporting breaks down into the following seven segments/areas of business:

- The retail banking segment, which also includes direct banking.
- Asset management comprises above all the subsidiaries ADIG and ADIG Luxembourg (ALSA), the Jupiter International Group and Montgomery Asset Management.
- In the corporate customer and institutions segment, the Corporate Banking, Relationship Management, International Bank Relations, and Corporate Finance departments as well as real-estate activities and the commercial activities with corporate clients of our domestic and foreign units are assembled.
- The securities segment covers all the equity and bond-trading activities, trading in derivative instruments and also M&A business.
- In the treasury and foreign-exchange area, the results of liquidity management are shown and also those for interest and currency management; in addition, the result of capital structure management appears.
- The mortgage bank segment consists of Rheinische Hypothekenbank AG and Hypothekenbank in Essen AG.
- The ”others and consolidation” segment includes the profit contributions for which the individual banking departments are not responsible, as well as those adjustments that are necessary in order to bring the control variables of internal accounting shown in the segment reporting of the operative departments into line with the corresponding external accounting data.

The result generated by the segments is measured in terms of the net profit and the figures for the return on equity and the cost/income ratio.

The return on equity, as one of the Commerzbank Group's two control variables, derives from the ratio between the result based on internal accounting and the average amount of equity that is tied up; it shows the return on the equity invested in a given business area. The medium-term target is a sustainable return on equity of 15% p.a. The result based on internal accounting complements the net profit by showing the profit contributions from that business passed on by units which were involved in achieving the income. In the net profit for the year, these amounts always appear under the segment in which they are booked.

The cost/income ratio is the second central control variable. It represents the quotient formed by operating expenses and income, excluding provision for possible loan losses, and reflects the cost efficiency of the various business areas. The target here is a level of 60%.

Income and expenses appear for the separate units, such that they reflect the originating unit and are shown at market prices, with the market interest rate applied in the case of interest-rate instruments. The net interest income of the respective unit also includes the imputed variables return on equity and investment yield. Units with equity or which have been endowed with capital are charged interest on their capital in order to ensure an equal footing with units which do not have equity. The investment income achieved by the Group on its equity is assigned to various units such that it reflects the average amount of equity that is tied up. The interest rate that is applied corresponds to that of a risk-free investment in the long-term capital market. Equity is calculated in accordance with Principle I of German banking supervision on the basis of the average amount of risk-weighted assets which has been established and the capital charges for market risks (risk-weighted equivalents).

Operating expenses represent direct and indirect costs. They consist of personnel costs, other expenses and depreciation of fixed assets and other intangible assets. Assignment of operating expenses to the individual areas of business is determined by the accountability principle. The indirect costs arising in connection with internal services are recognized in accordance with the causation principle and charged to the beneficiary or credited to the unit performing the service.

Provision for possible loan losses includes, apart from the formation and writing-back of provisions for lending and country risks, global value adjustments, direct write-downs and income received on written-down claims.

The Other operating result represents the balance of other operating income and expenses, which also includes, among other things, the amortization of goodwill.

Taxes on income are assigned to units in line with the tax ratio calculated for the Group.

Breakdown, by business area

	2000 financial year							
€ m	Retail banking	Asset management	Corporate customers and institutions	Securities	Treasury and foreign exchange	Mortgage banks	Others/ Consolidation	Total
Net interest income	1,120	5	1,698	42	149	522	−20	3,516
Provision for possible loan losses	−116	0	−453	0	0	−100	−16	−685
Net interest income after provision for possible loan losses	1,004	5	1,245	42	149	422	−36	2,831
Net commission income	1,232	621	691	233	10	−22	−41	2,724
Trading profit	0	17	75	809	122	0	−74	949
Result on financial investments	0	−2	−39	0	−9	−6	136	80
Operating expenses	1,717	627	1,263	986	253	146	485	5,477
Other operating result	849	−45	132	8	−1	7	177	1,127
Profit from ordinary activities	**1,368**	**−31**	**841**	**106**	**18**	**255**	**−323**	**2,234**
Taxes on income	616	−11	353	43	7	115	−300	823
After-tax profit	**752**	**−20**	**488**	**63**	**11**	**140**	**−23**	**1,411**
Profit/loss attributable to minority interests	−1	−19	−10	0	0	−39	0	−69
Net profit	**751**	**−39**	**478**	**63**	**11**	**101**	**−23**	**1,342**
Profit contribution from business passed on	8	187	41	33	46	0	−315	0
Result based on internal accounting	**759**	**148**	**519**	**96**	**57**	**101**	**−338**	**1,342**
Average equity tied up	**1,576**	**424**	**6,018**	**1,348**	**604**	**1,074**	**−183**	**10,861**
Return on equity (%)	**48.2**	**34.9**	**8.6**	**7.1**	**9.4**	**9.4**		**12.4**
Cost/income ratio (%)	**53.6**	**105.2**	**49.4**	**90.3**	**93.4**	**29.1**		**65.2**
Staff (average no.)	14,322	2,033	9,986	1,068	272	986	9,654	38,321

Breakdown, by corporate division

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

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

			2000 financial year				
€ m	Germany	Europe (excluding Germany)	America	Asia	Africa	Consolidation	Total
Net interest income	2,842	460	239	123	7	−155	3,516
Provision for possible loan losses	−550	−48	−24	−58	−5	–	−685
Net interest income after provision for possible loan losses	2,292	412	215	65	2	−155	2,831
Net commission income	1,855	560	207	100	4	−2	2,724
Trading profit	751	119	47	30	2	–	949
Result on financial investments	97	−29	12	–	–	–	80
Operating expenses	4,294	921	301	193	5	−237	5,477
Other operating result	1,138	74	−5	–	–	−80	1,127
Profit from ordinary activities	**1,839**	**215**	**175**	**2**	**3**	–	**2,234**
Risk-weighted assets according to BIS[1]	**139,798**	**45,330**	**17,152**	**8,573**	**697**	**−18,390**	**193,160**

[1] excluding market-price risks

In the previous year, we achieved the following results in the geographical segments:

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

[1] excluding market-price risks

NOTES TO THE BALANCE SHEET

(34) CASH RESERVE

We include the following items in the cash reserve:

	31.12.2000 € m	31.12.1999 € m	Change in %
Cash on hand	707	791	−10.6
Balances with central banks	4,375	5,393	−18.9
Debt issued by public-sector borrowers, and bills of exchange rediscountable at central banks	2,813	2,768	1.6
Treasury bills and discountable treasury notes, as well as similar debt issues by public-sector borrowers	2,068	1,948	6.2
Bills of exchange	745	820	−9.1
Total	**7,895**	**8,952**	**−11.8**

The balances with central banks include claims on the Bundesbank totalling €3,984m (€5,199m in 1999). The minimum reserve requirement to be met at end-December 2000 amounted to €2,184m (€1,743m in 1999).

(35) CLAIMS ON BANKS

	total			due on demand		other claims	
	31.12.2000 € m	31.12.1999 € m	Change in %	31.12.2000 € m	31.12.1999 € m	31.12.2000 € m	31.12.1999 € m
German banks	39,013	29,049	34.3	5,782	4,850	33,231	24,199
Foreign banks	35,641	20,991	69.8	11,192	4,280	24,449	16,711
Total	**74,654**	**50,040**	**49.2**	**16,974**	**9,130**	**57,680**	**40,910**

The claims on banks include €14,977m of public-sector loans (€15,975m in 1999) extended by the mortgage banks.

(36) CLAIMS ON CUSTOMERS

The claims on customers break down as follows:

	31.12.2000 € m	31.12.1999 € m	Change in %
Claims on domestic customers	**158,196**	**150,108**	**5.4**
Corporate customers	58,713	55,039	6.7
Public sector	49,291	48,886	0.8
Retail customers and others	50,192	46,183	8.7
Claims on foreign customers	**66,641**	**53,423**	**24.7**
Corporate and retail customers	59,156	47,159	25.4
Public sector	7,485	6,264	19.5
Total	**224,837**	**203,531**	**10.5**

The claims on customers include €53,512m (€43,380m in 1999) of loans secured by mortgages or other security interests in real property.

(37) CLAIMS ON AND LIABILITIES TO SUBSIDIARIES AND EQUITY INVESTMENTS

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

	31.12.2000 € m	31.12.1999 € m	Change in %
Claims on banks	**40**	**128**	**−68.8**
Subsidiaries	–	–	•
Associated companies and companies in which an equity investment exists	40	128	−68.8
Claims on customers	**366**	**385**	**−4.9**
Subsidiaries	71	73	−2.7
Associated companies and companies in which an equity investment exists	295	312	−5.4
Total	**406**	**513**	**−20.9**
Liabilities to banks	**7**	**143**	**−95.1**
Subsidiaries	–	–	•
Associated companies and companies in which an equity investment exists	7	143	−95.1
Liabilities to customers	**200**	**416**	**−51.9**
Subsidiaries	162	74	118.9
Associated companies and companies in which an equity investment exists	38	342	−88.9
Total	**207**	**559**	**−63.0**

(38) TOTAL LENDING

	31.12.2000 € m	31.12.1999 € m	Change in %
Loans to banks [1]	27,572	24,017	14.8
Claims on customers	224,837	203,531	10.5
Bills discounted	809	879	–8.0
less: reverse repos and securities-lending transactions with customers	13,487	5,184	160.2
Total	**239,731**	**223,243**	**7.4**

[1] excluding reverse repos and securities lending

We distinguish loans to banks from claims on banks such that only those claims are shown as loans to banks for which special loan agreements have been concluded with the borrowers. Interbank money-market transactions, for example, do not count as loans to banks.

(39) PROVISION FOR POSSIBLE LOAN LOSSES

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

	Individul value adjustments		Country value adjustments		Global value adjustments		Total		
	2000 € m	**1999** € m	**2000** € m	**1999** € m	**2000** € m	**1999** € m	**2000** € m	**1999** € m	Change in %
As of January 1 *	**5,072**	**4,536**	**224**	**226**	**382**	**241**	**5,678**	**5,003**	**13.5**
Allocations	1,240	1,203	64	5	65	94	1,369	1,302	5.1
Deductions	1,319	903	149	23	57	16	1,525	942	61.9
utilized	674	349	139	0	0	0	813	349	133.0
written back	645	554	10	23	57	16	712	593	20.1
Exchange-rate changes/ transfers	153	153	7	16	–20	35	140	204	–31.4
Provision for possible loan losses	**5,146**	**4,989**	**146**	**224**	**370**	**354**	**5,662**	**5,567**	**1.7**

*) carry-forward to 2000, including companies consolidated for the first time

With direct write-downs and income received on written-down claims taken into account, the allocations and write-backs reflected in the income statement led to risk provision of €685m (€689m in 1999).

Provision for possible risks was formed for:

	31.12.2000 € m	31.12.1999 € m	Change in %
Claims on banks	214	244	−12.3
Claims on customers	5,184	5,132	1.0
Provision to cover balance-sheet items	**5,398**	**5,376**	**0.4**
Guarantees, endorsement liabilities, credit commitments	264	191	38.2
Total	**5,662**	**5,567**	**1.7**

The provision for credit default risks breaks down as follows:

€ m	Individual value adjustments and provisions for lending business	Loan losses [1] in 2000	Net allocation [2] to value adjustments and provisions in lending business
German customers	**4,136**	**402**	**500**
Companies and self-employed	3,415	349	430
Manufacturing	561	37	103
Construction	242	12	−25
Distributive trades	342	35	56
Services, incl. professions, and others	2,270	265	296
Other retail customers	721	53	70
Foreign customers	**1,010**	**312**	**95**
Banks	51	2	5
Corporate and retail customers	959	310	90
Total	**5,146**	**714**	**595**

[1] Direct write-downs and utilized individual value adjustments and provisions in lending business

[2] Allocation less write-back

Before they were reduced by individual value adjustments, the value-adjusted claims producing neither interest nor income amounted to €6,292m (1999: €5,836m).

Data on provision for credit risks:

in %	**2000**	**1999**
Allocation ratio [1]	0.29	0.32
Write-off ratio [2]	0.35	0.15
Cover ratio [3]	2.36	2.57

[1] Net provisioning (new provisions less write-backs of value adjustments and provisions for both commercial and country loans and also general provision, plus the balance of direct write-downs and income received on previously written-down claims) as a percentage of total lending

[2] Defaults (utilized value adjustments and provisions for both commercial and country loans, plus the balance of direct write-downs and income received on previously written-down claims) as a percentage of total lending

[3] Existing provisions (level of value adjustments and provisions for counterparty risks in commercial lending, country risks and in general provision) as a percentage of total lending.

Total lending = average volume of commercial loans and country loans

(40) ASSETS HELD FOR DEALING PURPOSES

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

	31.12.2000 € m	**31.12.1999** € m	Change in %
Bonds, notes and other fixed-income securities	19,858	13,510	47.0
Money-market instruments	994	489	103.3
issued by public-sector borrowers	–	205	•
issued by other borrowers	994	284	•
Bonds and notes	17,104	12,368	38.3
issued by public-sector borrowers	7,041	2,435	189.2
issued by other borrowers	10,063	9,933	1.3
Bonds and notes issued by Commerzbank Group	1,760	653	169.5
Shares and other variable-yield securities	19,421	5,809	•
Promissory notes held in the trading portfolio	761	1,506	−49.5
Positive market values from financial derivative instruments	29,880	24,233	23.3
Interest-based transactions	16,618	13,218	25.7
Currency-based transactions	9,047	6,336	42.8
Other transactions	4,215	4,679	−9.9
Total	**69,920**	**45,058**	**55.2**

€29,198m (1999: €15,849m) of the bonds, notes and other fixed-income securities and shares and other variable-yield securities were listed on a stock exchange.

(41) FINANCIAL INVESTMENTS

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

	31.12.2000 € m	**31.12.1999** € m	Change in %
Bonds, notes and other fixed-income securities	65,851	53,323	23.5
Money-market instruments	4,219	5,047	−16.4
issued by public-sector borrowers	417	1,338	−68.8
issued by other borrowers	3,802	3,709	2.5
Bonds and notes	58,634	46,582	25.9
issued by public-sector borrowers	33,059	26,344	25.5
issued by other borrowers	25,575	20,238	26.4
Bonds and notes issued by Commerzbank Group	2,998	1,694	77.0
Shares and other variable-yield securities	3,990	3,779	5.6
Investments	5,531	3,774	46.6
of which: in banks	2,700	2,764	−2.3
Investments in associated companies	443	1,003	−55.8
of which: in banks	387	957	−59.6
Holdings in subsidiaries	260	150	73.3
of which: in banks	–	–	•
Total	**76,075**	**62,029**	**22.6**

Market values of listed financial investments:

	31.12.2000		**31.12.1999**	
€ m	Market value	Book value	Market value	Book value
Bonds, notes and other fixed-income securities	60,659	60,466	47,270	47,130
Shares and other variable-yield securities	1,548	1,436	1,586	1,531
Investments and investments in associated companies	5,620	4,266	5,434	4,055
Total	**67,827**	**66,168**	**54,290**	**52,716**

This represents price potential of €1,659m (1999: €1,574m).

Investments in large incorporated companies held by the Commerzbank Group, pursuant to Art. 313, (2), no. 4, HGB:

Name	Domicile	Percentage share of capital held	
		31.12.2000	**31.12.1999**
Al Wataniya	Casablanca	10.0	10.0
Bank Handlowy w Warszawie SA	Warsaw	–	9.9
Banque Marocaine du Commerce Extérieur, S.A.	Casablanca	10.0	10.0
Buderus AG	Wetzlar	10.5	10.0
Compagnie Monégasque de Banque	Monaco	11.5	11.5
Deutsche Börse AG	Frankfurt am Main	4.7	6.4
Heidelberger Druckmaschinen Aktiengesellschaft	Heidelberg	9.9	9.9
Holsten-Brauerei AG	Hamburg	7.8	7.8
Linde AG	Wiesbaden	10.0	10.7
MAN AG	Munich	6.5	6.5
PopNet Internet AG	Hamburg	13.9	–
Sachsenring Automobiltechnik AG	Zwickau	10.0	10.0
Salamander AG	Kornwestheim	–	10.7
Security Capital Group Inc.	Santa Fé	5.2	5.2
Unibanco Holdings S.A.	São Paulo	11.5	13.1
Willy Vogel Beteiligungsgesellschaft mbH	Berlin	19.0	19.0

(42) INTANGIBLE ASSETS

	31.12.2000 € m	**31.12.1999** € m	Change in %
Goodwill	1,417	539	162.9
Other intangible assets	100	43	132.6
Total	**1,517**	**582**	**160.7**

Of the other intangible assets, internally software produced in-house accounted for €67m (1999: €34m).

Additions to goodwill include above all an amount of €796m from the acquisition of interests in Commerz Asset Management UK (indirectly: Jupiter International Group PLC, London). The increase to 100% was part of the contractual agreement, concluded in 1995 when the company was taken over, with the management.

(43) FIXED ASSETS

	31.12.2000 € m	**31.12.1999** € m	Change in %
Land and buildings	897	698	28.5
Office furniture and equipment	1,724	1,567	10.0
Leased equipment	916	735	24.6
Total	**3,537**	**3,000**	**17.9**

(44) CHANGES IN BOOK VALUE OF FIXED ASSETS AND INVESTMENTS

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

	Intangible assets		Fixed assets	
€ m	Goodwill	Other intangible assets	Land and buildings	Office furniture and equipment
Book value as of 1.1.2000	**539**	**43**	**698**	**1,567**
Cost of acquisition/manufacture as of 1.1.2000	643	49	800	2,827
Additions in 2000*	968	74	273	592
Disposals in 2000	0	0	17	47
Transfers	–	–	–	–
Cost of acquisition/manufacture as of 31.12.2000	1,611	123	1,056	3,372
Write-ups in 2000	–	–	–	–
Cumulative write-downs as of 31.12.1999	104	6	102	1,260
Currency differences	2	–	–	1
Additions in 2000	88	17	61	422
Disposals in 2000	0	0	4	35
Transfers	–	–	–	–
Cumulative write-downs as of 31.12.2000	194	23	159	1,648
Book value as of 31.12.2000	**1,417**	**100**	**897**	**1,724**

	Fixed assets			
€ m	Leased equipment	Investments	Investments in associated companies	Holdings in subsidiaries
Book value as of 1.1.2000	**735**	**3,774**	**1,003**	**150**
Cost of acquisition/manufacture as of 1.1.2000	1,108	3,837	1,003	150
Additions in 2000*	403	2,553	225	110
Disposals in 2000	140	712	5	0
Transfers	–	–	–316	–
Cumulative changes arising from at equity valuation	–	–	–464	–
Cost of acquisition/manufacture as of 31.12.2000	1,371	5,678	443	260
Write-ups in 2000	–	–	–	–
Cumulative write-downs as of 31.12.1999	373	63	–	–
Currency differences	5	–	–	–
Additions in 2000	208	84	–	–
Disposals in 2000	131	–	–	–
Transfers	–	–	–	–
Cumulative write-downs as of 31.12.2000	455	147	–	–
Book value as of 31.12.2000	**916**	**5,531**	**443**	**260**

*) including first-time consolidation of BRE Bank SA

(45) OTHER ASSETS

Other assets break down as follows:

	31.12.2000 € m	31.12.1999 € m	Change in %
Tax assets	2,132	1,419	50.2
Sundry assets	4,493	2,805	60.2
Total	**6,625**	**4,224**	**56.8**

Tax assets comprise the following items:

	31.12.2000 € m	31.12.1999 € m	Change in %
Current tax assets	**994**	**195**	•
Germany	931	154	•
abroad	63	41	53.7
Deferred tax assets	**1,138**	**1,224**	**−7.0**
Deferred tax assets	938	1,061	−11.6
Unused loss carry-forwards	200	163	22.7
Total	**2,132**	**1,419**	**50.2**

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

	31.12.2000 € m	31.12.1999 € m	Change in %
Provisions	126	154	−18.2
Liabilities from dealing activities	532	672	−20.8
Provision for possible loan losses	63	30	110.0
Financial investments	117	133	−12.0
Sundry balance-sheet items	100	72	38.9
Total	**938**	**1,061**	**−11.6**

Sundry assets comprise the following items:

	31.12.2000 € m	31.12.1999 € m	Change in %
Deferred items	1,584	1,556	1.8
Collection items	180	249	−27.7
Advance payments	389	244	59.4
Sundry items	2,340	756	•
Total	**4,493**	**2,805**	**60.2**

Of the deferred items on the assets side, premiums on claims amount to €434m (1999: €300m) and discounts on liabilities €817m (1999: €789m).

(46) LIABILITIES TO BANKS

	total		
	31.12.2000 € m	31.12.1999 € m	Change in %
German banks	42,571	21,188	100.9
Foreign banks	60,965	51,473	18.4
Total	**103,536**	**72,661**	**42.5**

of which:	due on demand		other liabilities	
€ m	31.12.2000	31.12.1999	31.12.2000	31.12.1999
German banks	6,071	6,318	36,500	14,870
Foreign banks	8,113	6,561	52,852	44,912
Total	**14,184**	**12,879**	**89,352**	**59,782**

(47) LIABILITIES TO CUSTOMERS

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

	Savings deposits		Other liabilities			
			due on demand		with agreed lifetime or period of notice	
€ m	31.12.2000	31.12.1999	31.12.2000	31.12.1999	31.12.2000	31.12.1999
Domestic customers	**9,125**	**9,674**	**24,859**	**21,691**	**43,291**	**37,273**
Corporate customers	37	40	14,396	11,734	27,554	24,955
Retail customers and others	9,073	9,604	9,910	9,624	7,385	6,781
Public sector	15	30	553	333	8,352	5,537
Foreign customers	**554**	**560**	**11,772**	**4,667**	**18,053**	**17,177**
Corporate and retail customers	550	558	11,459	4,533	17,700	16,681
Public sector	4	2	313	134	353	496
Total	**9,679**	**10,234**	**36,631**	**26,358**	**61,344**	**54,450**

Savings deposits break down as follows:

	31.12.2000 € m	31.12.1999 € m	Change in %
Savings deposits with agreed period of notice of three months	8,742	9,157	–4.5
Savings deposits with agreed period of notice of more than three months	937	1,077	–13.0
Total	**9,679**	**10,234**	**–5.4**

(48) SECURITIZED LIABILITIES

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

	total		of which: issued by mortgage banks	
€ m	**31.12.2000**	**31.12.1999**	**31.12.2000**	**31.12.1999**
Bonds and notes issued	136,091	122,912	94,379	90,354
Money-market instruments issued	43,407	33,789	5,149	3,562
Own acceptances and promissory notes outstanding	453	266	–	–
Total	**179,951**	**156,967**	**99,528**	**93,916**

The interest rate paid on money-market paper ranges between 0.49% and 22.0%; for bonds and notes, it ranges between 0.50% and 26.57%. The original maturity periods for money-market paper may be up to one year. €86bn of the bonds and notes have an original lifetime of more than four years.

The following table presents the most important bonds and notes issued in 2000:

Amount (€ m)	Currency	Issuer	Interest rate	Maturity date
5,000	EUR	RHEINHYP Rheinische Hypothekenbank AG	5.750%	2010
3,000	EUR	Hypothekenbank in Essen AG	4.250%	2002
1,000	EUR	RHEINHYP Rheinische Hypothekenbank AG	4.879%	2002
1,000	EUR	RHEINHYP Rheinische Hypothekenbank AG	4.991%	2002
980	EUR	Commerzbank AG	6.125%	2010
650	EUR	Commerzbank AG	5.514%	2032
650	EUR	Hypothekenbank in Essen AG	5.514%	2018
537	USD	RHEINHYP Rheinische Hypothekenbank AG	6.680%	2005
533	USD	Commerzbank AG	6.661%	2005
500	EUR	Commerzbank AG	5.066%	2005
500	EUR	RHEINHYP Rheinische Hypothekenbank AG	5.066%	2005
481	GBP	RHEINHYP Rheinische Hypothekenbank AG	6.112%	2003
400	EUR	RHEINHYP Rheinische Hypothekenbank AG	4.966%	2036
400	EUR	RHEINHYP Rheinische Hypothekenbank AG	4.966%	2036
310	EUR	Hypothekenbank in Essen AG	5.006%	2001

A deferred item of €647m has arisen on the assets side in connection with the issue of securitized liabilities, since the repayment amount for these liabilities is greater than their amount at issue. This item is shown under Other assets and will be written back on a pro-rata basis over the lifetime of the issue.

(49) LIABILITIES FROM DEALING ACTIVITIES

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

	31.12.2000 € m	31.12.1999 € m	Change in %
Interest-based transactions	16,203	13,490	20.1
Currency-based transactions	9,933	5,978	66.2
Other transactions [1]	9,590	4,837	98.3
Total	**35,726**	**24,305**	**47.0**

[1] including delivery commitments arising from short sales of securities as of 31.12.2000, totalling €6,119m

(50) PROVISIONS

Provisions break down as follows:

	31.12.2000 € m	31.12.1999 € m	Change in %
Provisions for pensions and similar commitments	1,432	1,360	5.3
Other provisions	1,432	1,170	22.4
Total	**2,864**	**2,530**	**13.2**

The changes in provisions for pensions were as follows:

€ m	as of 1.1.2000	Pension payments	Allocation	Transfers/changes in consolidated companies	as of 31.12.2000
Pension expectancies of active and former employees	750	–	96	–50	796
Pensioners	547	57	33	50	573
Staff on early retirement schemes	50	22	10	–	38
Part-time scheme for older staff	13	7	19	–	25
Total	**1,360**	**86**	**158**	–	**1,432**

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

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

The projected unit credit for pension commitments as of December 31, 2000, was €1,532m (previous year: €1,509m). The difference of €100m (previous year: €149m) between this figure and the pension provisions is the result of changes in the actuarial parameters and the bases of calculation in recent years.

Allocations to provisions for pensions in 2000 break down as follows:

€ m	**2000**	**1999**
Service cost	42	32
Interest cost	83	77
Non-recurring cost of early retirement and part-time scheme for older staff	29	28
Amortization of actuarial differences	4	14
Allocations to provisions for schemes to which Bank contributes	**158**	**151**

Changes in other provisions:

€ m	as of 1.1.2000	Utilized	Written back	Allocation/changes in consolidated companies	**as of 31.12.2000**
Personnel area	479	369	41	686	755
Risks in lending	191	1	22	96	264
Bonuses for special savings schemes	106	9	–	63	160
Legal proceedings and recourse claims	101	15	21	40	105
Sundry items	293	203	8	66	148
Total	**1,170**	**597**	**92**	**951**	**1,432**

The provisions in the personnel area basically relate to provisions for bonuses, to be paid to employees of the Group in the first half of the year 2001.

(51) OTHER LIABILITIES

As other liabilities we show:

	31.12.2000 € m	31.12.1999 € m	Change in %
Income-tax liabilities	1,015	1,302	−22.0
Sundry liabilities	5,263	3,130	68.1
Total	**6,278**	**4,432**	**41.7**

Tax liabilities comprise the following items:

	31.12.2000 € m	31.12.1999 € m	Change in %
Current income-tax liabilities	**412**	**848**	**−51.4**
Income-tax liabilities to tax authorities	63	134	−53.0
Provisions for income taxes	349	714	−51.1
Deferred income-tax liabilities	**603**	**454**	**32.8**
Total	**1,015**	**1,302**	**−22.0**

Provisions for taxes on income are tax liabilities for which no final formal assessment note has been received. The liabilities to tax authorities represent payment obligations from current taxes towards German and foreign tax authorities. Deferred taxes include taxes resulting from temporary differences between the valuation of assets and liabilities in the consolidated balance sheet in accordance with IAS accounting and the balance sheets prepared for tax purposes by Group companies in accordance with local tax provisions.

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

	31.12.2000 € m	31.12.1999 € m	Change in %
Imputed credit of foreign losses	177	264	−33.0
Assets held for dealing purposes	179	135	32.6
Fixed assets	40	15	166.7
Financial investments	165	19	•
Sundry balance-sheet items	42	21	100.0
Total	**603**	**454**	**32.8**

Sundry liabilities break down as follows:

	31.12.2000 € m	31.12.1999 € m	Change in %
Deferred items	1,791	2,099	−14.7
Deferred interest expenses for subordinated capital	364	289	26.0
Sundry items	3,108	742	•
Total	**5,263**	**3,130**	**68.1**

Of the deferred items on the liabilities side, premiums from liabilities amounted to €25m and discounts for claims €517m.

(52) SUBORDINATED CAPITAL

Subordinated capital breaks down as follows:

	31.12.2000 € m	31.12.1999 € m	Change in %
Subordinated liabilities	**7,350**	**5,857**	**25.5**
of which: tier-III capital as defined in Art. 10, (7), KWG	1,058	552	91.7
of which: maturing within two years	1,843	946	94.8
Profit-sharing certificates outstanding	**2,547**	**2,420**	**5.2**
of which: maturing within two years	19	146	−87.0
Total	**9,897**	**8,277**	**19.6**

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

At end-2000, the following major subordinated liabilities were outstanding:

Start of maturity	€ m	Currency in m	Issuer	Interest rate	Maturity date
2000	590	590 EUR	Commerzbank AG	6.50	2010
1999	550	550 EUR	Commerzbank AG	4.75	2009
1999	350	350 EUR	Commerzbank AG	5.32	2001
1997	319	200 GBP	Commerzbank AG	7.88	2007
1999	300	300 EUR	Commerzbank AG	6.25	2009
1992	267	250 USD	Commerzbank AG	6.66	2002
2000	200	200 EUR	Commerzbank AG	5.00	2003
2000	197	300 CHF	Commerzbank AG	5.00	2010

In the year under review, the interest paid by the Group for subordinated liabilities totalled €435m (1999: €316m). This includes €173m (1998: €132m) of deferred interest expenses for interest due but not yet paid. These are shown as Other liabilities.

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

The following main issues of profit-sharing certificates are outstanding:

Year of issue	€ m	Issuer	Interest rate	Maturity date
1993	409	Commerzbank AG	7.25	2005
2000	320	Commerzbank AG	6.38	2010
1991	256	Commerzbank AG	9.50	2003
1992	256	Commerzbank AG	9.15	2004
1994	256	Commerzbank AG	5.58	2006
1996	256	Commerzbank AG	7.90	2008

Interest to be paid on the profit-sharing certificates outstanding for the 2000 financial year amounts to €191m (1999: €157m). It is shown under Other liabilities.

(53) EQUITY STRUCTURE

The subscribed capital (share capital) of Commerzbank AG is divided into no-par-value shares, each with a notional value of €2.60. The shares are in the form of bearer shares.

	1,000 units
Number of shares outstanding on 1.1.2000	**513,480**
Cash capital increase	16,517
Capital increase against contribution in kind	9,783
Issue of shares to employees	1,972
Sale of treasury shares	75
Number of shares issued on 31.12.2000	**541,827**
Less: treasury shares	8,594
Number of shares outstanding on 31.12.2000	**533,233**

In the capital reserve, premiums from the issue of shares are shown. In addition, the capital reserve contains amounts which were realized for conversion and option rights, entitling holders to purchase shares, when bonds and notes were issued.

Retained earnings consist of the legal reserve and other reserves. The legal reserve contains those reserves which have to be formed in accordance with national law; in the individual financial statements, the amounts assigned to this reserve may not be distributed. The overall amount of retained earnings shown in the balance sheet consists of €3m of legal reserves and €4,540m of other reserves.

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

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

	31.12.2000		**31.12.1999**	
	€ m	1,000 units	€ m	1,000 units
Shares issued	1,408	541,827	1,335	513,555
– Treasury shares	–22	–8,594	0	–75
= Shares outstanding (subscribed capital)	1,386	533,233	1,335	513,480
+ Shares not yet issued from authorized capital	414	159,183	487	187,455
Total	**1,800**	**692,416**	**1,822**	**700,935**

The number of authorized shares totals 701,010 thousand units (1999: 701,010 thousand units). The amount represented by authorized shares is €1,822m (1999: €1,822m). As of December 31, 2000, 22,021,003 shares had been pledged with the Group as security. Given a notional value of €2.60 per share, therefore, this represented 4.06% of the subscribed capital.

(54) CONDITIONAL CAPITAL

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

Changes in the Bank's conditional capital:

€ m	Conditional capital 1.1.2000	Additions	Expiring	Used	Conditional capital **31.12.2000**	of which: used conditional capital	available lines
Convertible bonds/bonds with warrants	78	–	–	–	78	–	78
Convertible bonds/bonds with warrants/profit-sharing rights	200	–	–	–	200	–	200
Gesamt	**278**	–	–	–	**278**	–	**278**

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

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

(55) AUTHORIZED CAPITAL

Date of AGM resolution	Original amount € m	Used in previous years for capital increases € m	Used in 2000 for capital increases € m	Remaining amount € m	Authorization expires:
30.5.1997	102	72	30	0	30.4.2002
30.5.1997	26	5	5	16	30.4.2002
21.5.1999	175	–	–	175	30.4.2004
21.5.1999	175	–	25	150	30.4.2004
21.5.1999	86	–	13	73	30.4.2004
Total	**564**	**77**	**73**	**414**	

The Board of Managing Directors is authorized to increase, with the aproval of the Supervisory Board, the share capital of the Bank by April 30, 2002 through the issue of new shares against cash, in either one or several tranches, by a maximum nominal amount of €15,642,762.29, thereby excluding the subscription rights of other shareholders for the purpose of issuing these shares to the Bank's staff.

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

The Board of Managing Directors is authorized to increase, with the approval of the Supervisory Board, the share capital of the Company by April 30, 2004 through the issue of no-par-value shares against cash or contributions in kind, in either one or several tranches, by a maximum amount of €149,563,570.80. On principle, shareholders are to be offered subscription rights; however, the Board of Managing Directors may, with the approval of the Supervisory Board, exclude shareholders' subscription rights to the extent necessary to offer to the holders of conversion or option rights, either already issued or still to be issued by Commerzbank Aktiengesellschaft or its subsidiaries, subscription rights to the extent to which they would be entitled as shareholders after they have exercised their conversion or option rights. In addition, any fractional amounts of shares may be excluded from shareholders' subscription rights. Furthermore, the Board of Managing Directors may, with the approval of the Supervisory Board, exclude shareholders' subscription rights insofar as the capital increase is made against contributions in kind for the purpose of acquiring companies or holdings in companies.

The Board of Managing Directors is authorized to increase, with the approval of the Supervisory Board, the Company's share capital by April 30, 2004 through the issue of no-par-value shares against cash, in either one or several tranches, by a maximum amount of €73,669,684.60. The Board of Managing Directors may, with the approval of the Supervisory Board, exclude shareholders' subscription rights if the issue price of the new shares is not substantially lower than that of already listed shares offering the same conditions.

(56) THE BANK'S FOREIGN-CURRENCY POSITION

At end-2000, the Commerzbank Group had the following foreign-currency assets and liabilities:

			31.12.2000 € m			31.12.1999 € m	Change in %
	USD	JPY	GBP	Others	Total	Total	
Cash reserve	3	29	0	28	60	749	−92.0
Claims on banks	17,273	790	1,913	3,960	23,936	19,459	23.0
Claims on customers	24,079	5,000	5,832	8,825	43,736	42,788	2.2
Bonds, notes and other fixed-income securities held for trading purposes and as financial investments	11,743	2,319	2,462	1,648	18,172	14,880	22.1
Other balance-sheet assets	3,716	1,317	1,551	1,140	7,724	11,257	−31.4
Foreign-currency assets	**56,814**	**9,455**	**11,758**	**15,601**	**93,628**	**89,133**	**5.0**
Liabilities to banks	33,592	1,738	5,580	8,779	49,689	35,421	40.3
Liabilities to customers	7,436	1,520	3,986	1,200	14,142	13,175	7.3
Securitized liabilities	43,080	465	8,502	3,916	55,963	44,576	25.5
Other balance-sheet liabilities	11,726	1,908	2,286	2,485	18,405	11,332	62.4
Foreign-currency liabilities	**95,834**	**5,631**	**20,354**	**16,380**	**138,199**	**104,504**	**32.2**

Due to exchange-rate movements in the 2000 financial year, the consolidated balance-sheet total expanded by €5bn.

NOTES TO FINANCIAL INSTRUMENTS

(57) DERIVATIVE TRANSACTIONS

31.12.2000	**Nominal amount**				**Market value**	
	Remaining lifetimes					
€ m	under one year	one to five years	more than five years	total	positive	negative
Foreign-currency-based forward transactions						
OTC products	448,047	92,267	26,178	566,492	10,621	11,573
Spot and forward currency transactions	363,166	37,212	1,594	401,972	6,900	7,348
Interest-rate and currency swaps	31,739	50,652	24,584	106,975	3,055	3,679
Currency call options	26,249	2,613	–	28,862	666	–
Currency put options	26,893	1,790	–	28,683	–	546
Other foreign-exchange contracts	–	–	–	–	–	–
Products traded on a stock exchange	89	–	–	89	–	–
Currency futures	89	–	–	89	–	–
Currency options	–	–	–	–	–	–
Total	**448,136**	**92,267**	**26,178**	**566,581**	**10,621**	**11,573**
Interest-based futures transactions						
OTC products	1,039,710	574,717	470,978	2,085,405	21,455	21,340
Forward-rate agreements	220,979	1,905	–	222,884	253	212
Interest-rate swaps (same currency)	804,675	504,117	380,262	1,689,054	19,621	19,216
Call options on interest-rate futures	6,486	29,044	38,560	74,090	1,570	–
Put options on interest-rate futures	7,545	38,849	49,151	95,545	–	1,812
Other interest-rate contracts	25	802	3,005	3,832	11	100
Products traded on a stock exchange	75,946	3,876	2,171	81,993	–	–
Interest-rate futures	20,259	1,402	641	22,302	–	–
Interest-rate options	55,687	2,474	1,530	59,691	–	–
Total	**1,115,656**	**578,593**	**473,149**	**2,167,398**	**21,455**	**21,340**
Other forward transactions						
OTC products	22,682	69,115	13,042	104,839	4,215	3,469
Structured equity/index products	1,825	2,840	698	5,363	1,727	818
Equity call options	5,796	29,200	547	35,543	2,448	–
Equity put options	7,795	33,100	10,887	51,782	–	2,622
Credit derivatives	924	3,161	605	4,690	38	27
Precious metal contracts	6,342	814	305	7,461	2	2
Other transactions	–	–	–	–	–	–
Products traded on a stock exchange	47,959	2,854	–	50,813	–	–
Equity futures	12,298	–	–	12,298	–	–
Equity options	35,661	2,854	–	38,515	–	–
Other futures	–	–	–	–	–	–
Other options	–	–	–	–	–	–
Total	**70,641**	**71,969**	**13,042**	**155,652**	**4,215**	**3,469**
Total immatured forward transactions						
OTC products	1,510,439	736,099	510,198	2,756,736	36,291	36,382
Products traded on a stock exchange	123,994	6,730	2,171	132,895	–	–
Total	**1,634,433**	**742,829**	**512,369**	**2,889,631**	**36,291**	**36,382**

The comparable figures for 1999 are shown below:

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

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

Breakdown of derivatives business, by borrower group:

	Market value **31.12.2000**		Market value **31.12.1999**	
€ m	positive	negative	positive	negative
OECD central governments	23	34	112	106
OECD banks	30,560	30,127	23,351	24,148
OECD financial institutions	2,222	2,376	10	34
Other companies, private individuals	2,952	3,326	6,356	6,415
Non-OECD banks	534	519	502	250
Total	**36,291**	**36,382**	**30,331**	**30,953**

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

(58) MARKET-PRICE RISKS ARISING FROM TRADING ACTIVITIES

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

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

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

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

Risk position of the trading portfolio:

Portfolio **31.12.2000** € m	Holding period for VaR calculation	VaR at a confidence level of 95%	97.5%	99%	Overnight stress scenario
Global Bonds	1 day	6.8	7.9	8.4	51.3
Global Equities	1 day	7.4	8.4	10.2	41.8
Treasury and Financial Products [1]	1 day	28.4	34.4	43.6	191.7
Investment Banking	1 day	30.3	37.1	47.5	284.8

[1] including units abroad

Portfolio **31.12.1999** € m	Holding period for VaR calculation	VaR at a confidence level of 95%	97.5%	99%	Overnight stress scenario
Global Bonds	1 day	9.0	10.7	12.7	55.6
Global Equities	1 day	5.0	5.9	7.0	69.5
Treasury and Financial Products[1]	1 day	26.0	31.0	36.8	105.7
Investment Banking	1 day	30.8	36.4	43.1	233.4

[1] including units abroad

A more detailed account of the management of market-price risks can be found in our risk report on pages 46-64.

(59) INTEREST-RATE RISKS

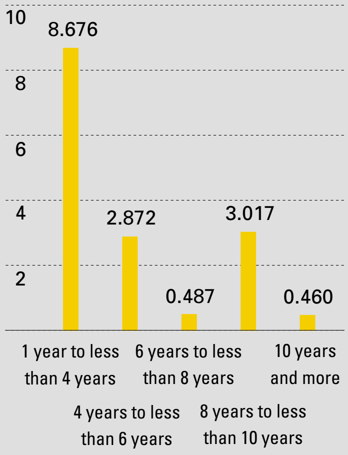
Interest-rate risks arise if discrepancies exist between fixed-interest-bearing assets and liabilities (including off-balance-sheet transactions) in certain maturity brackets (mismatched maturities). In order to determine the interest-rate risk, the interest-bearing financial instruments, including derivatives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

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

Maturity brackets	Fixed-interest gap (€ m)	
	31.12.2000	**31.12.1999**
one year to less than four years	8,676	8,959
four years to less than six years	2,872	319
six years to less than eight years	487	343
eight years to less than ten years	3,017	3,901
ten years and more	460	17

FIXED-INTEREST GAP 31.12.2000

in € bn



(60) CONCENTRATION OF CREDIT DEFAULT RISKS

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

In terms of book values, the credit default risks relating to balance-sheet financial instruments were as follows on December 31, 2000:

	Claims	
€ m	**31.12.2000**	**31.12.1999**
Customers in Germany	**158,196**	**150,108**
Companies and self-employed	72,725	66,929
Manufacturing	14,021	13,246
Construction	1,275	1,801
Distributive trades	9,796	11,034
Services, incl. professions	35,120	32,548
Others	12,513	8,300
Public sector	49,291	48,886
Other retail customers	36,180	34,293
Customers abroad	**66,641**	**53,423**
Corporate and retail customers	59,156	47,159
Public sector	7,485	6,264
Sub-total	**224,837**	**203,531**
less value adjustments and provisions	–5,184	–5,132
Total	**219,653**	**198,399**

(61) ASSETS PLEDGED AS SECURITY

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

	31.12.2000 € m	31.12.1999 € m	Change in %
Liabilities to banks	17,925	12,021	49.1
Liabilities to customers	2,720	6,540	−58.4
Total	**20,645**	**18,561**	**11.2**

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

	31.12.2000 € m	31.12.1999 € m	Change in %
Claims on banks	15,854	7,771	104.0
Claims on customers	6,387	8,414	−24.1
Assets held for dealing purposes and financial investments	6,948	8,828	−21.3
Total	**29,189**	**25,013**	**16.7**

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

(62) MATURITIES, BY REMAINING LIFETIME

	Remaining lifetimes as of 31.12.2000				
€ m	due on demand and unlimited in time	up to three months	three months to one year	one year to five years	more than five years
Claims on banks	16,974	33,555	5,591	9,092	9,442
Claims on customers	19,385	47,398	17,785	50,714	89,555
Bonds and notes held for trading purposes	42	1,341	1,837	11,503	5,135
Bonds and notes held as financial investments	290	6,437	9,009	27,492	22,623
Total	**36,691**	**88,731**	**34,222**	**98,801**	**126,755**
Liabilities to banks	14,184	64,980	10,630	5,000	8,742
Liabilities to customers	36,631	49,250	4,040	6,623	11,110
Securitized liabilities	252	40,630	38,961	65,095	35,013
Subordinated capital	3	1	679	3,475	5,739
Total	**51,070**	**154,861**	**54,310**	**80,193**	**60,604**

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

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

(63) FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	Fair Value		Book value		Difference	
€ m	**31.12.2000**	**31.12.1999**	**31.12.2000**	**31.12.1999**	**31.12.2000**	**31.12.1999**
Assets						
Cash reserve	7.9	9.0	7.9	9.0	0.0	0.0
Claims on banks	74.9	50.1	74.7	50.0	0.2	0.1
Claims on customers	225.8	204.2	224.8	203.5	1.0	0.7
Assets held for dealing purposes	69.9	45.1	69.9	45.1	0.0	0.0
Financial investments	77.6	64.5	76.0	62.1	1.6	2.4
Liabilities						
Liabilities to banks	103.6	72.5	103.5	72.7	0.1	−0.2
Liabilities to customers	108.5	91.4	107.7	91.0	0.8	0.4
Securitized liabilities	178.8	156.1	180.0	157.0	−1.2	−0.9
Liabilities from dealing activities	35.7	24.3	35.7	24.3	0.0	0.0
Subordinated capital	10.1	8.6	9.9	8.3	0.2	0.3
Derivatives for hedging balance-sheet items	−0.5	−1.3	–	–	−0.5	−1.3

OTHER NOTES

(64) SUBORDINATED ASSETS

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

	31.12.2000 € m	31.12.1999 € m	Change in %
Claims on banks	27	35	−22.9
Claims on customers	60	185	−67.6
Bonds and notes	174	112	55.4
Shares and other variable-yield securities	54	49	10.2
Total	**315**	**381**	**−17.3**

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

(65) OFF-BALANCE-SHEET COMMITMENTS

	31.12.2000 € m	31.12.1999 € m	Change in %
Contingent liabilities	**28,974**	**23,764**	**21.9**
from rediscounted bills of exchange credited to borrowers	64	59	8.5
from guarantees and indemnity agreements	28,910	23,705	22.0
Credit guarantees	2,952	2,379	24.1
Other guarantees	14,293	11,518	24.1
Letters of credit	7,992	6,196	29.0
Other items	3,673	3,612	1.7
Irrevocable lending commitments	**72,662**	**52,354**	**38.8**
Book credits to banks	2,917	2,247	29.8
Book credits to customers	67,551	49,381	36.8
Credits by way of guarantee	492	534	−7.9
Letters of credit	1,702	192	•
Other commitments	**85**	**296**	**−71.3**

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

(66) VOLUME OF MANAGED FUNDS

Type of managed fund:

	31.12.2000		31.12.1999	
	No. of funds	Fund assets € m	No. of funds	Fund assets € m
Publicly-offered investment funds	358	57.9	317	63.1
Equity-based and mixed funds	211	32.4	191	34.5
Bond-based funds	121	12.8	96	15.2
Money-market funds	26	12.7	30	13.4
Non-publicly-offered funds	1,418	50.6	1,366	53.8
Property-based funds	3	6.1	4	6.1
Total	**1,779**	**114.6**	**1,687**	**123.0**

Region in which fund was launched:

	31.12.2000		31.12.1999	
	No. of funds	Fund assets € m	No. of funds	Fund assets € m
Germany	501	54.7	492	59.0
United Kingdom	892	19.6	832	18.5
Other European countries	249	29.0	220	32.4
America	131	11.0	122	12.5
Asia, Africa, Australia	6	0.3	21	0.6
Total	**1,779**	**114.6**	**1,687**	**123.0**

At the end of the past financial year, the Commerzbank Group's asset-management units were managing 1,779 funds with a volume of €115bn.

(67) GENUINE REPURCHASE AGREEMENTS

Under its genuine repurchase agreements – repurchase and reverse repurchase agreements – the Commerzbank Group sells and purchases securities with the obligation to repurchase or return them. The proceeds deriving from repurchase agreements in which the Commerzbank Group is a borrower (commitment to take the securities back) are shown in the balance sheet as a liability to banks or customers. If Group companies or the Parent Bank are lenders (commitment to return the securities), the countervalues paid are shown in the balance sheet as claims on banks or customers.

The genuine repurchase agreements concluded up to end-December break down as follows:

	31.12.2000 € m	**31.12.1999** € m	Change in %
Genuine repurchase agreements as a borrower (repurchase agreements)			
Liabilities to banks	5,124	6,028	−15.0
Liabilities to customers	7,076	5,016	41.1
Total	**12,200**	**11,044**	**10.5**
Genuine repurchase agreements as a lender (reverse repurchase agreements)			
Claims on banks	10,191	6,717	51.7
Claims on customers	7,314	5,184	41.1
Total	**17,505**	**11,901**	**47.1**

(68) SECURITIES-LENDING TRANSACTIONS

Securities-lending transactions are conducted with other banks and customers in order to cover the need to meet delivery commitments and to be able to effect securities repurchase agreements in the money market. The re-transfer claims on banks and customers with respect to securities which have been lent to them appear as claims on banks and customers. We show securities borrowed from third parties (insofar as we still hold them) in our securities trading portfolio or financial investments portfolio, while a commitment to return the securities appears on the liabilities side. Insofar as the lending fees arising from securities-lending transactions relate to the past financial year, they are reflected in the income statement.

	31.12.2000 € m	**31.12.1999** € m	Change in %
Lent securities	11,615	2,126	•
Borrowed securities	11,002	3,514	•

(69) TRUST TRANSACTIONS AT THIRD-PARTY RISK

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

	31.12.2000 € m	31.12.1999 € m	Change in %
Claims on banks	275	3	•
Claims on customers	178	308	−42.2
Equity investments	1	–	•
Assets on a trust basis at third-party risk	**454**	**311**	**46.0**
Liabilities to banks	282	87	•
Liabilities to customers	172	224	−23.2
Liabilities on a trust basis at third-party risk	**454**	**311**	**46.0**

(70) RISK-WEIGHTED ASSETS AND CAPITAL RATIOS AS DEFINED BY THE BASLE (BIS) CAPITAL ACCORD

Like many other internationally active banks, the Commerzbank Group has committed itself to meeting the demands on capital adequacy contained in the Basle accord. This imposes on banks a minimum requirement of 8% of own funds to risk-weighted assets (own funds ratio). A minimum requirement of 4% applies universally for the ratio between core capital and risk-weighted assets (core capital ratio).

Own funds are defined as liable capital that is made up of core and supplementary capital, plus Tier III capital. Core capital mainly consists of subscribed capital plus reserves, minus goodwill. Supplementary capital comprises outstanding profit-sharing rights and subordinated long-term liabilities. Tier III capital represents short-term subordinated liabilities.

Structure of the Commerzbank Group's capital in accordance with the Basle capital accord:

	31.12.2000 € m	31.12.1999 € m	Change in %
Core capital	12,570	10,599	18.6
Supplementary capital	8,208	6,851	19.8
Total liable capital 1)	**20,778**	**17,450**	**19.1**
Tier III capital	1,058	695	52.2
Eligible own funds	**21,836**	**18,145**	**20.3**

1) after the financial statements have been established

as of 31.12.2000	Capital charges in %					Total
€ m	100	50	20	10	4	
Balance-sheet business	132,129	15,090	13,320	–	–	160,539
Traditional off-balance-sheet business	3,112	19,349	833	573	42	23,909
Derivatives business in investment portfolio	–	3,916	4,796	–	–	8,712
Risk-weighted assets, total	**135,241**	**38,355**	**18,949**	**573**	**42**	**193,160**
Risk-weighted market risks multiplied by 12.5						27,000
Total items to be risk-weighted						220,160
Total liable capital [1]						20,778
Eligible own funds						21,836
Core capital ratio						6.5
Own funds ratio						9.9

[1] after the financial statements have been established

The equity capital ratio in accordance with Principle I, KWG, stands at 10.7%, and the overall capital ratio at 9.6%.

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

[1] after the financial statements have been established

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

(71) AVERAGE NUMBER OF STAFF EMPLOYED BY THE BANK DURING THE YEAR

2000	total		male		female	
Group	38,321	(41,103)	19,099	(19,616)	19,222	(21,487)
in Germany	30,212	(32,879)	15,537	(16,003)	14,675	(16,876)
abroad	8,109	(8,224)	3,562	(3,613)	4,547	(4,611)
at Parent Bank	25,777	(27,497)	13,346	(13,447)	12,431	(14,050)
at companies included in the consolidation in proportion to the share of capital held	89	(93)	45	(46)	44	(47)

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

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

	total		male		female	
	2000	**1999**	**2000**	**1999**	**2000**	**1999**
Trainees	1,455	1,478	563	625	892	853

(72) REMUNERATION AND LOANS TO BOARD MEMBERS

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

	2000 €1,000	1999 €1,000
Board of Managing Directors	10,638	10,633
Supervisory Boards	1,708	1,085
Retired Managing Directors and their dependants	5,160	4,015

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

	31.12.2000 €1,000	31.12.1999 €1,000
Board of Managing Directors	8,389	6,965
Supervisory Boards	1,266	518

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

(73) OTHER COMMITMENTS

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

The Bank is responsible for the payment of assessments of up to €36m to Liquiditäts-Konsortialbank (Liko) GmbH, Frankfurt am Main, the ”lifeboat” institution of the German banking industry. The individual banking associations are also responsible for the payment of assessments to Liko. To cover such assessments, Group companies have pledged to Liko that they will meet any payment in favour of their respective associations.

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

Obligations towards futures and options exchanges and also towards clearing centres, for which securities had been deposited as collateral, amounted to €303m.

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

The Group's existing obligations arising from rental and leasing agreements – buildings, office furniture and equipment – will lead to expenses of €294m in the year 2001, €312m per year in the years 2002 to 2004, and €297m as from the year 2004. Leasing and rental expenses within the Group are not taken into account here.

(74) LETTER OF COMFORT

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

BOARDS OF COMMERZBANK AKTIENGESELLSCHAFT

SUPERVISORY BOARD

Dr. Walter Seipp
(Honorary Chairman)

Dietrich-Kurt Frowein
(Chairman)

Hans-Georg Jurkat
(Deputy Chairman)

Heinz-Werner Busch

Uwe Foullong

Dott. Gianfranco Gutty

Dr.-Ing. Otto Happel

Gerald Herrmann

Detlef Kayser

Dieter Klinger

Dr. Torsten Locher

Helmut Mamsch
(until May 26, 2000)

Horst Sauer

Dr. Erhard Schipporeit
(since May 26, 2000)

Werner Schönfeld

Prof. Dr.-Ing. Ekkehard Schulz

Alfred Seum

Hermann Josef Strenger

Prof. Dr. Jürgen F. Strube

Dr. Klaus Sturany
(since May 26, 2000)

Heinrich Weiss

Wilhelm Werhahn

Dr. Harald Wilde
(until May 26, 2000)

BOARD OF MANAGING DIRECTORS

Dr. h.c. Martin Kohlhaussen
(Chairman)

Dr. Erich Coenen
(until June 30, 2000)

Wolfgang Hartmann
(since July 1, 2000)

Dr. Heinz J. Hockmann

Dr. Norbert Käsbeck

Jürgen Lemmer

Andreas de Maizière

Klaus-Peter Müller

Klaus Müller-Gebel

Michael Paravicini
(since September 1, 2000)

Klaus M. Patig

Dr. Axel Frhr. v. Ruedorffer

HOLDINGS IN AFFILIATED AND OTHER COMPANIES

Affiliated companies included in the consolidation

Company name	Domicile	Share of capital held in %	of which: indirectly %	Voting rights %	Equity in 1,000
Atlas-Vermögensverwaltungs-Gesellschaft mbH	Bad Homburg v.d.H.	100.0			€ 179,047
TOMO Vermögensverwaltungs-gesellschaft mbH	Frankfurt am Main	90.0	90.0		€ -170
Haus am Kai 2 O.O.O.	Moscow	100.0	100.0		Rbl 13,264
ADIG Allgemeine Deutsche Investment-Gesellschaft mbH	Munich/ Frankfurt am Main	93.8	1.0		€ 165,331
ADIG-Investment Luxemburg S.A.	Luxembourg	98.4	23.4		€ 125,738
Bankhaus Bauer Aktiengesellschaft	Stuttgart	83.7	17.0		€ 16,380
Berliner Commerz Grundstücks- und Verwaltungsgesellschaft mbH	Berlin	100.0			€ 1,687
BRE Bank SA	Warsaw	50.0			ZI 2,213,858
BRE Leasing Sp. z o.o.	Warsaw	75.0	75.0		ZI 20,077
C. Portmann	Frankfurt am Main	100.0			€ 767
Caisse Centrale de Réescompte, S.A.	Paris	92.4			€ 144,996
CCR Gestion	Paris	95.8	95.8	99.7	€ 2,970
CCR Chevrillon Philippe	Paris	77.8	77.8	79.5	€ 3,429
comdirect bank Aktiengesellschaft (Sub-Group)	Quickborn	58.7			€ 739,689
comdirect ltd.	London	100.0	100.0		
comdirect nominee ltd.	London	100.0	100.0		
comdirect S.A.	Paris	97.5	97.5		
Paresco Patrimoine S.A.R.L.	Paris	100.0	100.0		
comdirect services S.p.A.	Milan	100.0	100.0		
Commerz (East Asia) Ltd.	Hong Kong	100.0			€ 56,477
Commerz Asset Management (UK) plc	London	100.0			£ 183,095
Jupiter International Group PLC (Sub-Group)	London	100.0	100.0		£ 206,441
Jupiter Asset Management Ltd.	London	100.0	100.0		
Jupiter Unit Trust Mgrs. Ltd	London	100.0	100.0		
Capital Development Ltd	Isle of Man	51.0	51.0		
Tyndall Holdings Ltd	London	100.0	100.0		
Jupiter Tyndall Pension Trust Ltd	London	100.0	100.0		
Jupiter Administration Services Ltd	London	100.0	100.0		
Tyndall International Group Ltd	Bermuda	100.0	100.0		
EMD Ltd i.L.	Bermuda	100.0	100.0		
Jupiter Asset Management (Asia) Ltd	Hong Kong	100.0	100.0		
Jupiter Asset Management (Bermuda) Ltd	Bermuda	100.0	100.0		
Jupiter Asset Management (Jersey) Ltd	Jersey	100.0	100.0		
KF Ltd i.L.	Bermuda	61.3	61.3		
TI Ltd i.L.	Bermuda	100.0	100.0		
IF Ltd	Bermuda	75.0	75.0		
KL Ltd i.L.	Bermuda	66.0	66.0		
Tyndall Investments Ltd	London	100.0	100.0		
Tyndall International Holdings Ltd	Bermuda	100.0	100.0		
Tyndall Trust International I.O.M. Ltd	Isle of Man	100.0	100.0		

Affiliated companies included in the consolidation

Company name	Domicile	Share of capital held in %	of which: indirectly %	Voting rights %	Equity in 1,000
CBG Commerz Beteiligungsgesellschaft Holding mbH	Bad Homburg v.d.H.	100.0			€ 6,136
CBG Commerz Beteiligungsgesellschaft mbH	Frankfurt am Main	100.0	100.0		€ 5,886
Commerz Equity Investments Ltd.	London	100.0			£ 53,707
Commerz Finanz Management GmbH	Frankfurt am Main	100.0			€ 222
Commerz Futures, LLC	Wilmington/ Delaware	100.0	1.0		US$ 15,550
Commerz Grundbesitz-Investmentgesellschaft mbH	Wiesbaden	75.0			€ 15,679
Commerz International Capital Management GmbH	Frankfurt am Main	100.0			€ 32,348
CICM Fund Management Ltd.	Dublin	100.0	100.0		€ 14,871
CICM (Ireland) Ltd.	Dublin	75.0	75.0		€ 1,349
Commerz International Capital Management (Japan) Ltd.	Tokyo	100.0	100.0		¥ 622,652
Commerz NetBusiness AG	Frankfurt am Main	100.0			€ 40,513
Commerz Securities (Japan) Company Ltd.	Hong Kong/Tokyo	100.0			¥ 10,389,703
Commerz Service Gesellschaft für Kundenbetreuung mbH	Frankfurt am Main	100.0			€ 26
Commerzbank (Budapest) Rt.	Budapest	100.0			Ft 9,940,477
Commerzbank (Eurasija) SAO	Moscow	100.0			Rbl 228,560
Commerzbank (Nederland) N.V.	Amsterdam	100.0			€ 237,589
Commerzbank (Switzerland) Ltd	Zurich	100.0			Sfr 210,031
Commerzbank (South East Asia) Ltd.	Singapore	100.0			S$ 203,500
Commerzbank Asset Management Asia Ltd.	Singapore	100.0	100.0		S$ 6,628
Commerzbank Asset Management Italia S.p.A.	Rome	100.0			€ 24,373
Commerzbank Società di Gestione del Risparmio S.p.A.	Rome	100.0	100.0		€ 820
Commerzbank Belgium SA	Brussels	100.0			€ 118,100
Commerzbank Capital Markets (Eastern Europe) NV	Amsterdam	100.0			€ 6,973
Commerzbank Capital Markets (Eastern Europe) a.s.	Prague	100.0	100.0		Kč 355,676
Commerzbank Capital Markets Corporation	New York	100.0			US$ 163,110
Commerzbank Europe (Ireland) Unlimited	Dublin	40.0			€ 581,710
Commerz Europe (Ireland), Inc.	Wilmington/ Delaware	100.0	100.0		US$ 2
Commerzbank Europe Finance (Ireland) plc	Dublin	100.0			€ 63
Commerzbank International S.A.	Luxembourg	100.0			€ 1,845,105
Commerzbank International (Ireland) Unlimited	Dublin	100.0	100.0		€ 164,828
Commerzbank Investment Management GmbH	Frankfurt am Main	100.0			€ 30,118
Commerzbank Overseas Finance N.V.	Dublin	100.0			€ 4,408
Commerzbank U.S. Finance, Inc.	Wilmington/ Delaware	100.0			US$ 762
CommerzLeasing und Immobilien AG (Sub-Group)	Düsseldorf	100.0			€ 105,372

Affiliated companies included in the consolidation

Company name	Domicile	Share of capital held in %	of which: indirectly %	Voting rights %	Equity in 1,000
ALTINUM GVG mbH & Co. Objekt Sonninhof KG	Düsseldorf	100.0	100.0		
CFB Commerz Fonds Beteiligungsgesellschaft mbH	Düsseldorf	100.0	100.0		
CFB Verwaltung und Treuhand GmbH	Düsseldorf	100.0	100.0		
COBA Vermögensverwaltungsgesellschaft mbH	Düsseldorf	100.0	100.0		
COBRA Projekt- und Objektmanagement GmbH	Frankfurt am Main	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 Auto GmbH	Düsseldorf	100.0	100.0		
CommerzLeasing Mietkauf GmbH	Düsseldorf	100.0	100.0		
FABA Vermietungsgesellschaft mbH	Düsseldorf	95.0	95.0		
NESTOR GVG mbH & Co. Objekt ITTAE Frankfurt KG	Düsseldorf	100.0	95.0		
NESTOR GVG mbH & Co. Objekt Villingen-Schwenningen KG	Düsseldorf	0.0	0.0	51.0	
NEUTRALIS GVG mbH	Düsseldorf	100.0	100.0		
NOVELLA GVG mbH	Düsseldorf	100.0	100.0		
SECUNDO GVG mbH	Düsseldorf	100.0	100.0		
Gracechurch TL Ltd.	London	100.0			£ 7,687
Hypothekenbank in Essen AG	Essen	51.0			€ 554,038
Immobiliengesellschaft Ost Hägle spol s.r.o.	Prague	100.0			Kč 457,513
Montgomery Asset Management, LLC	Wilmington/ Delaware	93.3			US$ 146,745
OLEANDRA GVG mbH & Co., Objekt Jupiter KG	Düsseldorf	100.0			€ 8,046
OLEANDRA GVG mbH & Co., Objekt Luna KG	Düsseldorf	100.0			€ 3,390
OLEANDRA GVG mbH & Co., Objekt Neptun KG	Düsseldorf	100.0			€ 3,667
OLEANDRA GVG mbH & Co., Objekt Pluto KG	Düsseldorf	100.0			€ 17,501
OLEANDRA GVG mbH & Co., Objekt Venus KG	Düsseldorf	100.0			€ 5,552
OLEANDRA GVG mbH & Co., Objekt Uranus KG	Düsseldorf	100.0			€ 14,851
RHEINHYP Rheinische Hypothekenbank Aktiengesellschaft	Frankfurt am Main	98.1			€ 1,028,396
RHEINHYP BANK Europe plc	Dublin	100.0	100.0		€ 112,817
RHEINHYP Finance, N.V.	Amsterdam	100.0	100.0		€ 678
WESTBODEN-Bau- und Verwaltungsgesellschaft mbH	Frankfurt am Main	100.0	100.0		€ 364
RHEINHYP-BRE Bank Hipoteczny S.A.	Warsaw	74.5	74.5		€ 33,704
von der Heydt-Kersten & Söhne	Wuppertal-Elberfeld	100.0			€ 7,667

Companies included in the consolidation on a pro-rata basis

Company name	Domicile	Share of capital held in %	of which: indirectly %	Voting rights %		Equity in 1,000
Deutsche Schiffsbank Aktiengesellschaft	Bremen/ Hamburg	40.0			€	319,529

Associated companies included in the consolidation at equity

Company name	Domicile	Share of capital held in %	of which: indirectly %	Voting rights %		Equity in 1,000
Commerz Unternehmensbeteiligungs-Aktiengesellschaft	Frankfurt am Main	40.0			€	104,969
COMUNITHY Immobilien AG	Düsseldorf	49.9	49.9		€	9,112
Korea Exchange Bank	Seoul	32.6			₩	1,414,761,000
Pioneer Poland U.K. L.P.	Jersey	37.9			US$	22,208
P.T. Bank Finconesia	Jakarta	25.0			Rp.	83,679

Other major companies not included in the consolidation

Company name	Domicile	Share of capital held in %	of which: indirectly %		Equity in 1,000
Almüco Vermögensverwaltungsgesellschaft mbH	Munich	25.0		€	313,737
ALNO Aktiengesellschaft	Pfullendorf	29.4		€	56,406
PAN-Vermögensverwaltungsgesellschaft mbH	Munich	25.0		€	83,921
PIVO Beteiligungsgesellschaft mbH	Hamburg	52.0	52.0	€	17,912
Regina Verwaltungsgesellschaft mbH	Munich	25.0		€	437,153

Frankfurt am Main, March 6, 2001
The Board of Managing Directors

AUDITORS' CERTIFICATE

We have audited the consolidated financial statements as prepared by Commerzbank Aktiengesellschaft, Frankfurt am Main, consisting of the balance sheet, the income statement and the statement of changes in equity and cash flows as well as the notes to the financial statements for the business year from January 1, 2000 to December 31, 2000. The preparation and the content of the consolidated financial statements are the responsibility of the Company's Board of Managing Directors. Our responsibility is to express an opinion, based on our audit, whether the consolidated financial statements are in accordance with the International Accounting Standards (IAS).

We conducted our audit of the consolidated financial statements in accordance with German auditing regulations and generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW), as well as in additional consideration of the International Standards on Auditing (ISA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements. Knowledge of the business activities and the economic and legal environment of the Company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The evidence supporting the amounts and disclosures in the consolidated financial statements are examined on a test basis within the framework of the audit. The audit includes the assessment of the financial statements of the companies included in the consolidated financial statements, the scope of the consolidation, the accounting and consolidation principles used and significant estimates made by the Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

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

Our audit, which also extends to the Group management report prepared for the Board of Managing Directors for the business year from January 1 to December 31, 2000, has not led to any reservations. In our opinion, on the whole the Group management report provides a suitable understanding of the Group's position and suitably presents the risks of future development. In addition, we confirm that the consolidated financial statements and the Group management report for the business year from January 1 to December 31, 2000 satisfy the conditions required for the Company's exemption from its duty to prepare consolidated financial statements and the Group management report in accordance with German accounting law. We conducted our audit of the consistency of the Group accounting with the 7th EU Directive required for the exemption from the duty for consolidated accounting pursuant to German commercial law on the basis of the interpretation of the Directive by the German Accounting Standards Committee (DRS 1).

Frankfurt am Main, March 7, 2001

PwC Deutsche Revision
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Wagener
Wirtschaftsprüfer
(German public accountant)

Friedhofen
Wirtschaftsprüfer
(German public accountant)

REPORT OF THE SUPERVISORY BOARD

In the past financial year, 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 also on business policy, corporate planning, including financial, investment and personnel planning, as well as on business developments.

The Supervisory Board fulfilled its duties in plenary sessions and through its committees (Presiding Committee, Loans Committee, Social Welfare Committee and Conciliation Committee, pursuant to Art. 27, (3), German Co-determination Act). Two plenary sessions were held in either half of 2000. The Presiding Committee met five times during the 2000 financial year, one of these in order to examine the financial statements. The Loans Committee held four meetings. The Loans Committee and the Presiding Committee each adopted three resolutions by circulating the relevant documents instead of convening a meeting. The Social Welfare Committee met once, and the Conciliation Committee did not have to be convened at all in the past financial year.

DIETRICH-KURT FROWEIN

In view of the changes in the financial market, the plenary sessions were devoted above all to the Bank's business-policy orientation, corporate planning, and also the development of the balance sheet, earnings performance – including comparison with competitors – and the Bank's equity base. At its plenary sessions, the Supervisory Board also dealt with the development of the individual corporate divisions and banking departments. Not least with regard to the discussions held with Dresdner Bank on possible cooperation, the strategy of the Bank was the subject of intensive deliberation at both plenary and Presiding Committee sessions last year. Central topics were the bundling of the Retail Banking and Asset Management departments, on the one hand, and all investment banking activities and corporate customer business, on the other, to form two divisions, as well as the more intensive cooperation with the Generali Group as part of the Bank's bancassurance strategy. In addition, the Supervisory Board discussed developments relating to the Rebon/CoBRa group of investors. The capital increases effected in September/October 2000, as well as the legal steps undertaken against them, were similarly discussed at plenary sessions.

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

The Loans Committee dealt with all those lending commitments which it is required to review by law and by the Bank's statutes. It discussed with the Board of Managing Directors credits involving an enhanced degree of risk, other problem loans, and special developments in lending business. The Loans Committee studied the development of risk in general and also in individual sectors. Insofar as is required by law and by the Bank's statutes, the Loans Committee also approved the transactions submitted to it. These included changes in investments, some of which were discussed in the Presiding Committee but which, under the rules of procedure for the Supervisory Board, require the approval of the Loans Committee.

The Social Welfare Committee discussed personnel and social welfare issues that are of fundamental significance for employees. These included, for example, such topics as flexible working times, teleworking, the balance between work and family, personnel recruitment and the internal suggestions scheme; it also dealt with structural changes in the Human Resources department.

The committees regularly reported on their activities at plenary sessions.

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

The shareholder representatives Helmut Mamsch and Dr. Harald Wilde resigned from the Supervisory Board at the close of the AGM on May 26, 2000. Dr. Erhard Schipporeit and Dr. Klaus Sturany were elected by the AGM to the Supervisory Board to serve their remaining term of office.

Wilhelm Werhahn is resigning from the Supervisory Board at the close of the AGM on May 25, 2001. We propose that the AGM elect Martin Kohlhaussen to the Supervisory Board to serve his remaining term of office. Martin Kohlhaussen is leaving the Board of Managing Directors at the close of this year's AGM; Klaus-Peter Müller will replace him as Chairman.

In the year under review, the following changes occurred in the Board of Managing Directors. Dr. Erich Coenen retired on June 30, 2000, after serving almost 20 years as a board member. With effect from June 1, 2000, the Supervisory Board appointed the deputy members Dr. Heinz J. Hockmann and Andreas de Maizière as full members of the Board of Managing Directors. In order to ensure that all board members have the same legal rights and duties, no more deputy members are to be appointed to the Board of Managing Directors. For this reason, Wolfgang Hartmann and Michael Paravicini were immediately made full members when they joined the Board of Managing Directors on July 1 and September 1, 2000, respectively.

After going through the main points of emphasis with the Presiding Committee, the Supervisory Board commissioned the auditors elected by the AGM, PwC Deutsche Revision Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, to conduct the audit.

The financial statements and management reports of the Parent Bank (according to HGB rules) and the Group (according to IAS rules) for the period from January 1 to December 31, 2000, together with the books of account, have been examined by the auditors and carry their unqualified legally prescribed certification. In good time for the relevant meeting, all members of the Supervisory Board received details of the financial statements, the annual reports and the auditors' reports. As laid down in the rules of procedure of the Supervisory Board, the members of the Presiding Committee also received all the documents and notes relating to the auditors' reports. At a special session, the Presiding Committee, as the committee examining the financial statements, had the auditors report in more detail, discussing both the main points and result of the audit with them. The latter were also present at the subsequent Supervisory Board meeting which dealt with the annual accounts, reporting on the main findings of their audit and answering questions. The Supervisory Board has signified its agreement with the results of the audit. Within the scope of the legal provisions, it has examined the financial statements and management reports of both the Parent Bank and the Group, and also the proposal of the Board of Managing Directors as to the appropriation of the distributable profit. It has found no cause for objection. At today's meeting, the Supervisory Board approved the financial statements presented by the Board of Managing Directors, which accordingly may be regarded as adopted. It concurs with the latter's proposal as to the profit appropriation.

Frankfurt am Main, March 26, 2001
The Supervisory Board

Dietrich-Kurt Frowein
Chairman

SUPERVISORY BOARD

Dr. WALTER SEIPP
Honorary Chairman
Frankfurt am Main

DIETRICH-KURT FROWEIN
Chairman
Frankfurt am Main

HANS-GEORG JURKAT
Deputy Chairman
Commerzbank AG
Cologne

HEINZ-WERNER BUSCH
Commerzbank AG
Duisburg
National Executive Committee –
Association Council
Deutscher Bankangestellten-Verband

UWE FOULLONG
National Executive Committee
Banking Section
Gewerkschaft Handel, Banken
und Versicherungen
Düsseldorf

Dott. GIANFRANCO GUTTY
Vicepresidente e Amministratore
Delegato
Assicurazioni Generali S.p.A.
Trieste

Dr.-Ing. OTTO HAPPEL
Luserve AG
Lucerne

GERALD HERRMANN
Deutsche Angestellten-Gewerkschaft
National Executive Committee
Banks, Savings Banks and
Insurances Section
Hamburg

DETLEF KAYSER
Commerzbank AG
Berlin

DIETER KLINGER
Commerzbank AG
Hamburg

Dr. TORSTEN LOCHER
Commerzbank AG
Hamburg

HELMUT MAMSCH
London
until May 26, 2000

HORST SAUER
Commerzbank AG
Frankfurt am Main

Dr. ERHARD SCHIPPOREIT
Member of the Board of
Managing Directors
E.ON Aktiengesellschaft
Düsseldorf
since May 26, 2000

WERNER SCHÖNFELD
Commerzbank AG
Essen

Prof. Dr.-Ing. EKKEHARD SCHULZ
Chairman of the Board of
Managing Directors
ThyssenKrupp AG
Düsseldorf

ALFRED SEUM
Commerzbank AG
Frankfurt am Main

HERMANN JOSEF STRENGER
Chairman of the
Supervisory Board
Bayer AG
Leverkusen

Prof. Dr. JÜRGEN F. STRUBE
Chairman of the Board of
Managing Directors
BASF Aktiengesellschaft
Ludwigshafen

Dr. KLAUS STURANY
Member of the Board of
Managing Directors
RWE Aktiengesellschaft
Essen
since May 26, 2000

HEINRICH WEISS
Chairman of the Board of
Managing Directors
SMS AG
Hilchenbach and Düsseldorf

WILHELM WERHAHN
Member of the Board of
Managing Directors
Wilh. Werhahn
Neuss

Dr. HARALD WILDE
Head of the Legal Department
RWE Aktiengesellschaft
Essen
until May 26, 2000

CENTRAL ADVISORY BOARD

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Presidente
Banco Santander Central
Hispano S.A.
Madrid

Dr.-Ing. BURCKHARD BERGMANN
Deputy Chairman of the Board
of Managing Directors
Ruhrgas AG
Essen

PIETER BERKHOUT
Chairman of the Executive Board
Deutsche Shell GmbH
Hamburg

HANS-DIETER CLEVEN
Deputy Chairman of the
Executive Board
Metro Holding AG
Baar/Zug

Dr. MICHAEL E. CRÜSEMANN
Member of the Board of
Managing Directors
Otto Versand (GmbH & Co)
Hamburg

CHRISTIAN R. EISENBEISS
Chairman of the
Supervisory Board
Holsten-Brauerei AG
Hamburg

Dr. MANFRED GENTZ
Member of the Board of
Managing Directors
DaimlerChrysler AG
Stuttgart

RAINER GROHE
Munich
until December 31, 2000

HANS-OLAF HENKEL
Member of the Supervisory Board
IBM Deutschland GmbH
Berlin

Dr. HANS JÄGER
Chairman of the Board of
Managing Directors
AMB Aachener und Münchener
Beteiligungs-AG
Aachen

Dr.-Ing. Dr.-Ing. E.h.
HANS-PETER KEITEL
Chairman of the Board of
Managing Directors
HOCHTIEF AG
Essen

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

Dr. SIEGFRIED LUTHER
Member of the Board of
Managing Directors
Bertelsmann AG
Gütersloh

Dr. JÖRG MITTELSTEN SCHEID
General Partner
Vorwerk & Co.
Wuppertal

RUDOLF AUGUST OETKER
Bielefeld

Dr. WOLFGANG PETER
Neuss
until March 31, 2000

Dr. HANS-ULRICH PLAUL
Chairman of the Board of
Managing Directors
Buderus AG
Wetzlar

JÜRGEN RADOMSKI
Member of the Board of
Managing Directors
Siemens AG
Erlangen

JÜRGEN REIMNITZ
Frankfurt am Main

HANS REISCHL
Chairman of the Board of
Managing Directors
REWE-Zentral AG
Cologne

Dr. KLAUS TRÜTZSCHLER
Member of the Board of
Managing Directors
Franz Haniel & Cie. GmbH
Duisburg

Dr. GIUSEPPE VITA
Chairman of the Board of
Managing Directors
Schering AG
Berlin

BOARD OF MANAGING DIRECTORS

from left to right: Wolfgang Hartmann, Dr. Heinz J. Hockmann, Klaus M. Patig, Klaus-Peter Müller, Dr. Axel Frhr. v. Ruedorffer, Dr. h.c. Martin Kohlhaussen, Klaus Müller-Gebel,

Dr. h.c. MARTIN KOHLHAUSSEN

Chairman of the Board of Managing Directors

Staff departments

Corporate Communications and Economic Research

Strategy and Controlling

WOLFGANG HARTMANN

Staff departments

Credit Risk Management

Risk Control

Banking department

Real Estate

Main branches (Corporate Finance)

Cologne, Dresden, Erfurt, Leipzig, Wuppertal

Regions abroad

Belgium

Netherlands

Dr. HEINZ J. HOCKMANN

Banking department

Asset Management

Main branches (Retail Banking)

Mainz, Mannheim, Munich, Nuremberg, Stuttgart

Regions abroad

Ireland

Luxembourg

Dr. NORBERT KÄSBECK

Staff department

Organization

Banking department

Retail Banking

Service department

Transaction Banking

Main branches (Retail Banking)

Berlin, Bielefeld, Bremen, Cologne, Dortmund, Dresden, Düsseldorf, Erfurt, Essen, Frankfurt, Hamburg, Hanover, Kiel, Leipzig, Wuppertal

JÜRGEN LEMMER

Banking department

Treasury and Financial Products

Main branches (Corporate Finance)

Mainz, Mannheim, Stuttgart

Regions abroad

Asia/Oceania

United Kingdom

Northern Africa

ANDREAS DE MAIZIÈRE

Banking departments

Corporate Banking

Relationship Management

Main branches (Corporate Finance)

Berlin, Dortmund, Düsseldorf, Essen

Regions abroad

Central and Eastern Europe

Cyprus

Greece

Israel

Jürgen Lemmer, Dr. Norbert Käsbeck, Andreas de Maizière, Michael Paravicini

KLAUS-PETER MÜLLER

Designated chairman of the Board of Managing Directors

(takes over this function at the close of the AGM, May 2001)

KLAUS MÜLLER-GEBEL

Staff departments
Compliance and Security
Human Resources
Legal Services
Main branches (Corporate Finance)
Bielefeld, Bremen, Hamburg, Hanover, Kiel
Region abroad
Scandinavia

MICHAEL PARAVICINI

Service departments
Information Technology:
IT Development
IT Investment Banking
IT Production
IT Support
Global Operations
Investment Banking

KLAUS M. PATIG

Banking departments
Corporate Finance
Securities
Main branches (Corporate Finance)
Munich, Nuremberg
Regions abroad
America
Southern Africa

Dr. AXEL FRHR. V. RUEDORFFER

Staff departments
Accounting and Taxes
Internal Auditing
Banking department
International Bank Relations
Main branch (Corporate Finance)
Frankfurt
Regions abroad
Austria
France
Italy
Spain
Switzerland

GROUP MANAGERS

JOCHEN APPELL
Chief Legal Adviser
Legal Services

HERMANN BEYER/
THOMAS STEIDLE
Compliance and Security

Dr. FRANZ-GEORG BRUNE
Retail Banking

PETER BÜRGER
Risk Control

JÜRGEN CARLSON
International Bank Relations

MEHMET DALMAN
Securities

Dr. RUDOLF DUTTWEILER
Treasury and Financial Products

Dr. RÜDIGER VON EISENHART-ROTHE
Relationship Management

KLAUS-PETER FROHMÜLLER
Organization
Transaction Banking

HANS-JOACHIM HAHN
Real Estate

Dr. BERNHARD HEYE
Human Resources

Dr. WOLFGANG HÖNIG
Strategy and Controlling

GÜNTER JERGER
Credit Risk Management

LUTZ KIRCHNER
Internal Auditing

PETER KRAEMER
IT Production

PETER KROLL
Corporate Banking

Dr. THOMAS NAUMANN
Accounting and Taxes

ULRICH RAMM
Corporate Communications and
Economic Research

DAVID R. SAVAGE
Corporate Finance

Dr. FRIEDRICH SCHMITZ
Asset Management

Dr. FERDINAND VOGEL
IT Development

ROLAND WOLF
IT Support

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Horst Helpenstein
Folker Streib

BIELEFELD
Joachim Döpp
Wolfgang Fischer
Uhland Kraft

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Bodo Rimpler
Jürgen Werthschulte

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

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Joachim G. Fuchs
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Thomas A. Verlohr

TOKYO
François de Belsunce
Burkhardt Figge

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Frankfurt am Main

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Frankfurt am Main

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Constance

KLAUS MÜLLER-GEBEL
Frankfurt am Main/Hamburg

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Leverkusen

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Friedrich Pfeffer
Arndt Thorn

CBG COMMERZ BETEILIGUNGS-GESELLSCHAFT HOLDING MBH

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Dr. Gert Schorradt
Dr. Armin Schuler

COMDIRECT BANK AG

Christian Jessen
Hans-Joachim Nitschke
Bernt Weber

COMMERZ ASSET MANAGERS GMBH

Wolfgang Plum
Alfred Schorno

COMMERZBANK INVESTMENT MANAGEMENT GMBH

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Rainer Moos
Wolfgang Plum
Elmar Rathmayr
Claus Weltermann

COMMERZ FINANZ-MANAGEMENT GMBH

Anita Gurrath
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COMMERZ GRUNDBESITZ-INVESTMENTGESELLSCHAFT MBH

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Arnold L. de Haan
Bärbel Schomberg

COMMERZ INTERNATIONAL CAPITAL MANAGEMENT GMBH

Paul Burik
Helmut Konir

COMMERZLEASING UND IMMOBILIEN AG

Eberhard Graf
Hans-Joachim Hahn
Roland Potthast
Günter Ress

COMMERZ NETBUSINESS AG

Bernd Horsch
Dr. Ralf Klinge

COMMERZ SERVICE GESELLSCHAFT FÜR KUNDENBETREUUNG MBH

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Manfred Stock

HYPOTHEKENBANK IN ESSEN AG

Hubert Schulte-Kemper
Wolfgang H. Müller
Harald Pohl
Erhard Tiemann

RHEINHYP RHEINISCHE HYPOTHEKENBANK AG

Volker Bärschneider
Dr. Matthias Danne
Dr. Karsten von Köller
Hartmut Wallis

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WARSAW
Anton M. Burghardt
Krzysztof Kokot
Wojciech Kostrzewa
Slawomir Lachowski
Henryk Okrzeja
Jan Zieliński

COMMERZBANK (BUDAPEST) RT.
BUDAPEST
Martin Fischedick
Tamas Hák Kovács
Hans H. von Rosenberg Lipinsky

COMMERZBANK (EURASIJA) SAO
MOSCOW
Jürgen Frenschkowski
Michail Kommissarow

COMMERZBANK EUROPE (IRELAND)
DUBLIN
John Bowden
Hans Dieter Brammer

COMMERZBANK
INTERNATIONAL S.A.
LUXEMBOURG
Gérard Ferret
Adrien Ney

COMMERZBANK (NEDERLAND) N.V.
AMSTERDAM
Rüdiger Rutloh
Drs. Herman P. Weij

COMMERZBANK (SWITZERLAND) LTD
ZURICH
Wolfgang Perlwitz
Wolfgang Präuner
GENEVA
Jean-Pierre de Glutz

COMMERZBANK
(SOUTH EAST ASIA) LTD.
SINGAPORE
Jörg Schauerhammer
Thomas A. Verlohr

COMMERZBANK CAPITAL
MARKETS CORPORATION
NEW YORK
Udo Braun
Ricardo Pascoe

COMMERZBANK CAPITAL MARKETS
(EASTERN EUROPE) A.S.
PRAGUE
Helmuth Mazuch
John Vax
Volker Widdel

COMMERZ SECURITIES (JAPAN)
COMPANY LTD.
HONG KONG/TOKYO
Masashi Kawasaki
Robert John Windsor

CAISSE CENTRALE DE
RÉESCOMPTE, S.A.
PARIS
Hervé de Boysson
Daniel Terminet
Pierre Vincent

JUPITER INTERNATIONAL
GROUP PLC
LONDON
Donathan Carey
Eduard B. Carter
Alan Miller
Martin Schüller

MONTGOMERY ASSET
MANAGEMENT, LLC
SAN FRANCISCO
R. Steven Doyle
Mark Geist

REGIONAL ADVISORY COMMITTEES

BADEN-WÜRTTEMBERG

PAUL BALLMEIER
Member of the Board of
Managing Directors
ZF Friedrichshafen AG
Friedrichshafen

HEINZ GEORG BAUS
Chairman of the Board of Directors
Bauhaus AG, Zürich
Mannheim

Dipl.-Betriebswirt HANS BRANDAU
Chairman of the Boards of
Managing Directors
Badischer Gemeinde-
Versicherungs-Verband
Badische Allgemeine
Versicherung AG
Karlsruhe

Dr. ULRICH BROCKER
General Manager
SÜDWESTMETALL
Verband der Metall- und
Elektroindustrie
Baden-Württemberg e. V.
Stuttgart

ECKHARDT BÜLTERMANN
Member of the Board of
Managing Directors
Egmont International Holding A/S
Copenhagen

Dr. GOTTFRIED DUTINÉ
Chairman of the Executive Board
Alcatel Deutschland GmbH
Stuttgart

ROLF FEHLBAUM
Chief Executive Officer
Vitra Management AG
Birsfelden (Switzerland)

Senator E.h. mult. Dipl.-Ing. (FH)
KLAUS FISCHER
Managing Partner
fischer Group
Waldachtal

URS PETER FISCHER
Deputy Chairman of the
Executive Board
Alusuisse Singen GmbH
Singen

Dipl.-Ing. JÖRG MENNO HARMS
Chairman of the Supervisory Board
Hewlett-Packard GmbH
Böblingen

ROLAND HARTUNG
Spokesman of the Board of
Managing Directors
MVV Energie AG
Spokesman of the Executive Board
MVV GmbH
Mannheim

Dr. ULRICH HANS HEIDEMANN
Managing Director
GEWOK AG
Baden-Baden

Prof. Dr. Dr. ULRICH HEMEL
Chairman of the Board of
Managing Directors
Paul Hartmann AG
Heidenheim

Dr. HERMANN JUNG
Deputy Member of the
Board of Managing Directors
J. M. Voith AG
Heidenheim

SIGMUND KIENER
Managing Partner
InFoScore Group
Baden-Baden

DETLEF KONTER
Manager
Head of Finance and Accounting
Robert Bosch GmbH
Stuttgart

Dr. THOMAS LINDNER
Chairman of the Executive Board
and General Partner
GROZ-BECKERT KG
Albstadt (Ebingen)

Dr. HARTMUT MEHDORN
Chairman of the Board of
Managing Directors
Deutsche Bahn AG
Berlin

Dr. h.c. ADOLF MERCKLE
Lawyer
Blaubeuren

Dipl.-Volkswirt
JÖRG-VIGGO MÜLLER
Member of the Board of
Managing Directors
Hugo Boss AG
Metzingen

ARTHUR NOTHDURFT
Chairman of the Supervisory Board
ALNO AG
Pfullendorf

HEINO VON PRONDZYNSKI
Member of the Group Management
F. Hoffmann-La Roche Ltd.
Basel

Senator E.h.
Prof. Dr. FRIEDRICH REUTNER
Heidelberg

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Chairman of the Board of
Managing Directors
Heidelberger Druckmaschinen AG
Heidelberg

Dipl.-Kaufmann
WOLFGANG STEINBACH
Member of the Board of
Managing Directors
Walter Marketing AG
Ettlingen

GEORG WEISWEILER
Chairman of the Executive Board
MAHLE Ventiltrieb GmbH
Stuttgart

Dr.-Ing. WENDELIN WIEDEKING
Chairman of the Board of
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

BAVARIA

FRANK BERGNER
Managing Partner
Richard Bergner Holding
GmbH & Co. KG
Schwabach

Dr. WERNER BOS
Executive Director
Landesversicherungsanstalt
Schwaben
Augsburg

KLAUS CONRAD
Partner
Conrad Holding GmbH
Hirschau

CARL FRIEDRICH ECKART
Managing Partner
Eckart-Werke
Standard-Bronzepulverwerke
Carl Eckart GmbH & Co. KG
Fürth (Bavaria)

FELIX FESSL
Grafrath

PETER J. FISCHL
Member of the Board of
Managing Directors
Infineon Technologies AG
Munich

Dipl.-Kaufmann DIETER FRIESS
Managing General Partner
Dachser GmbH & Co. KG
Kempten

Dipl.-Kauffrau
CHRISTIANE HELLBACH
General Manager
NKD Group
Bindlach

BERND HEINZ HOFMANN
Nuremberg

Dipl.-Wirtsch.-Ing. THOMAS KAESER
General Manager
KAESER KOMPRESSOREN GmbH
Coburg

Prof. Dr. ANTON KATHREIN
Managing General Partner
KATHREIN-Werke KG
Rosenheim

Dr. KARL-HERMANN LOWE
Member of the Board of
Managing Directors
Allianz Versicherungs-AG
Munich

Dr. oec. publ. BODO LÜTTGE
Member of the Board of
Managing Directors
EPCOS AG
Munich

Dipl.-Ing. THOMAS NETZSCH
Managing Partner
Erich Netzsch GmbH & Co.
Holding KG
Selb

Dipl.-Kaufmann Dipl.-Volkswirt
Dr. LORENZ M. RAITH
Herzogenaurach

Dipl.-Ing. HELMUTH SCHAAK
Chairman of the Board of
Managing Directors
Leistritz AG
Nuremberg

HERBERT SCHRODER
General Manager
KirchMedia GmbH & Co. KGaA
Ismaning

Dr. HANS SEIDL
Chairman of the Supervisory Board
Vinnolit Kunststoff GmbH & Co. KG
Ismaning

Dr. RUDOLF STAUDIGL
General Manager
Wacker-Chemie GmbH
Munich

KLAUS STEGER
Member of the Board of
Managing Directors
Südwolle AG
Nuremberg

Dr. JÜRGEN TERRAHE
Munich

Dr. KLAUS WARNING
Member of the Board of
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Dr. ECKHARD MÜLLER
Chief Financial Officer
BASF Aktiengesellschaft
Ludwigshafen

Dr. MARBOD MUFF
Member of the Management
Finance Division
Boehringer Ingelheim GmbH
Ingelheim am Rhein

MATTHÄUS NIEWODNICZANSKI
General Manager
Bitburger Getränke
Verwaltungsges. mbH
Bitburg

GERT J. REINHARDT
Chairman of the Board of
Managing Directors
SER Systems AG
Neustadt/Wied

KARLHEINZ RÖTHEMEIER
Spokesman of the Executive Board
Verlagsgruppe Rhein Main
GmbH & Co. KG
Mainz

Dr. WOLFGANG SCHUPPLI
Lawyer
Wiesbaden

HANS JOACHIM SUCHAN
Administrative Director
ZDF
Mainz

HERBERT VERSE
Chairman of the Board of
Managing Directors
Eckes AG
Nieder-Olm

Dr. ROLAND W. VOIGT
Member of the Board of
Managing Directors
Schott Glas
Mainz

Dipl.-Ing. LOTHAR WAHL
President
BOMAG GmbH & Co. OHG
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
Managing Partner
Globus Holding GmbH & Co. KG
St. Wendel

Dr. med. FRANZ GADOMSKI
President
Ärztekammer des Saarlandes
Saarbrücken

UWE JACOBSEN
Delegate of the Supervisory Board
Saarbrücker Zeitung
Verlag und Druckerei GmbH
Saarbrücken

MICHEL MAULVAULT
Chairman of the Board of
Managing Directors
AG der Dillinger Hüttenwerke
Dillingen (Saar)

Dr. DIETRICH REINHARDT
Member of the Board of
Managing Directors
RAG Saarberg AG
Saarbrücken

RAINER SCHUMACHER
Chairman of the Executive Board
DSD Dillinger Stahlbau GmbH
Saarlouis

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

SAXONY

Dipl.-Ing. ALBRECHT BOLZA-SCHÜNEMANN
Deputy Chairman of the Board of
Managing Directors
Koenig & Bauer Aktiengesellschaft
Planeta-Bogenoffset
Radebeul

Dipl.-Kaufmann KLAUS FISCHER
Member of the Board of
Managing Directors
envia Energie Sachsen
Brandenburg AG
Chemnitz

Konsul Dr.-Ing.
KLAUS-EWALD HOLST
Chairman of the Board of
Managing Directors
VNG-Verbundnetz Gas AG
Leipzig

ELVIRA-MARIA HORN
General Manager
Chamber of Industry and
Commerce Dresden Section
Dresden

HANS J. NAUMANN
Managing Partner
NILES-SIMMONS Industrie-
anlagen GmbH
Chemnitz

Dipl.-Kaufmann
HEINZ-JÜRGEN PREISS-DAIMLER
Managing Partner
P-D Management
Consulting GmbH
Wilsdruff

Dipl.-Ing.
ERNST WILHELM RITTINGHAUS
Member of the Board of
Managing Directors
Sachsenring Automobiltechnik AG
Zwickau

ROLF STEINBRONN
Chairman of the Board of
Managing Directors
AOK Sachsen
Dresden

Dr. WOLFGANG VEHSE
Staatssekretär für Wirtschaft
Sächsisches Staatsministerium
für Wirtschaft und Arbeit
Dresden

SAXONY-ANHALT

Dr.-Ing. KLAUS HIECKMANN
Managing Partner
FER Ingenieurgesellschaft
für Automatisierung GmbH,
President
Chamber of Industry and
Commerce Magdeburg Section
Magdeburg

HEINER KRIEG
General Manager
MIBRAG mbH
Theissen

SCHLESWIG-HOLSTEIN

PETER BUSCHMANN
Chairman of the Board of
Managing Directors
AOK Schleswig-Holstein
Kiel

CARSTEN DENCKER NIELSEN
Consul General
Copenhagen/Denmark

Prof.
Dr. HANS HEINRICH DRIFTMANN
General and Managing Partner
Peter Kölln
Kommanditgesellschaft auf Aktien
Elmshorn

Dr. jur. KLAUS MURMANN
Chairman
Sauer-Danfoss Inc.
Neumünster/Ames, Iowa

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

HANS WILHELM SCHUR
Group Director
Schur International a/s
Horsens/Denmark

HANS-ARTUR WILKER
Member of the Executive Board
Jos. L. Meyer GmbH
Papenburg

Dr. ERNST J. WORTBERG
Chairman of the Board of
Managing Directors
L. Possehl & Co. mbH
Lübeck

THURINGIA

JOSEF JOHR
General Manager
Metall Rohstoffe Thüringen GmbH
Erfurt

Dr. HANS-WERNER LANGE
Chairman of the Board of
Managing Directors
TUPAG-Holding AG
Mühlhausen

KLAUS LANTZSCH
Managing Partner
FER Fahrzeugelektrik GmbH
Eisenach

EUGEEN THEUNIS
General Manager
GARANT
Türen- und Zargen GmbH & Co. KG
Ichtershausen

ANDREAS TRAUTVETTER
Minister of Finance
Free State of Thuringia
Erfurt

SEATS ON SUPERVISORY BOARDS AND SIMILAR BODIES

MEMBERS OF THE BOARD OF MANAGING DIRECTORS OF COMMERZBANK AG

Information pursuant to Art. 285, (10), HGB

a) Membership of legally prescribed supervisory boards

b) Membership of similar bodies

Dr. h.c. MARTIN KOHLHAUSSEN

a) Bayer AG

Heraeus Holding GmbH

Hochtief AG
vorm. Gebr. Helfmann

Infineon Technologies AG
(Deputy Chairman)

Karstadt Quelle AG

Linde AG

Schering AG

within Commerzbank Group:

RHEINHYP
Rheinische Hypothekenbank AG
(Chairman)

b) Assicurazioni Generali S.p.A.

Commerzbank International S.A.
(Chairman)

Commerzbank (Switzerland) Ltd
(Chairman)

Commerzbank
(South East Asia) Ltd.
(Chairman)

WOLFGANG HARTMANN

a) **within Commerzbank Group:**

Commerz Grundbesitz-Investmentgesellschaft mbH
(Chairman)

b) CommerzLeasing und Immobilien AG
(Chairman)

ILV Immobilien-Leasing-Verwaltungsgesellschaft Düsseldorf mbH

Dr. HEINZ J. HOCKMANN

a) FAG Kugelfischer
Georg Schäfer AG

within Commerzbank Group:

ADIG Allgemeine Deutsche Investment-Gesellschaft mbH
(Chairman)

Commerz Asset Managers GmbH
(Chairman)

Commerzbank Investment Management GmbH
(Chairman)

Commerz International Capital Management GmbH
(Chairman)

b) Banca Intesa S.p.A.

East European Food Fund
S.I.C.A.F.

ADIG-Investment Luxemburg S.A.
(Chairman)

AFINA Bufete de Socios
Financieros S.A.

AFINA Valores AV, S.A.

Caisse Centrale de Réescompte, S.A.
(Chairman)

CB Fund Management
Company S.A.
(Chairman)

CICM Fund Management Ltd.
(Chairman)

CICM (Ireland) Ltd.
(Chairman)

Commerz Asset Management
(UK) plc
(Chairman)

Commerzbank Asset Management
Italia S.p.A.
(Chairman)

Commerzbank Europe
(Ireland) Unltd.
(Chairman)

Commerzbank International S.A.

Commerzbank International
Trust (Singapore) Ltd.
(Chairman)

Commerzbank (Switzerland) Ltd
(Vice Chairman)

Commerzbank Società di Gestione
del Risparmio S.p.A.
(Chairman)

Jupiter International Group PLC
(Chairman)

Montgomery Asset Management,
LLC

Dr. NORBERT KÄSBECK

a) AMB Aachener und Münchener
Beteiligungs-AG

Hugo Boss AG

EURO Kartensysteme EUROCARD
und eurocheque GmbH

Friatec AG
(Deputy Chairman)

HAWESKO Holding AG

MAN AG

Salamander AG

SÜBA Bau AG

T-Online International AG

within Commerzbank Group:

ADIG Allgemeine Deutsche Investment-Gesellschaft mbH (Deputy Chairman)

comdirect bank AG (Chairman)

Commerz Grundbesitz-Investmentgesellschaft mbH (1st Deputy Chairman)

b) Commerz Finanz-Management GmbH (Chairman)

JÜRGEN LEMMER

a) Buderus AG

Clearing Bank Hannover AG (Chairman)

GKN Automotive International GmbH (Chairman)

b) ARGOR-HERAEUS S.A.

Banque Marocaine du Commerce Extérieur, S.A.

Korea Exchange Bank

Majan International Bank SAOC

Verlagsbeteiligungs- und Verwaltungsgesellschaft mbH

ADIG-Investment Luxemburg S.A.

Commerzbank Europe (Ireland) Unltd. (Deputy Chairman)

Commerzbank International (Ireland) Unltd. (Chairman)

Commerzbank International S.A.

Commerz (East Asia) Ltd. (Chairman)

Commerz Financial Products S.A. (Chairman)

Commerz International Capital Management GmbH

Commerz Securities (Japan) Company Ltd.

ANDREAS DE MAIZIÈRE

a) Atecs Mannesmann AG

Deutsche Nickel AG

EuroCoin AG

Mannesmann Sachs AG

RWE Power AG

Thyssen Krupp Stahl AG

Vereinigte Deutsche Nickel-Werke AG

within Commerzbank Group:

BRE Bank SA

Commerzbank Investment Management GmbH

b) Commerzbank (Budapest) Rt. (Chairman)

Commerzbank (Eurasija) SAO (Chairman)

CommerzLeasing und Immobilien AG (Deputy Chairman)

ILV Immobilien-Leasing-Verwaltungsgesellschaft Düsseldorf mbH

KLAUS-PETER MÜLLER

a) ABB AG

Deutsche Goodyear Holdings GmbH

DUNLOP GmbH

Ford Deutschland Holding GmbH

Ford-Werke AG

Honsel Management GmbH

ThyssenKrupp Materials & Services AG

within Commerzbank Group:

BRE Bank SA (Deputy Chairman)

Hypothekenbank in Essen AG (Chairman)

b) Agfa-Gevaert N.V.

Parker Hannifin Corporation

Commerzbank Capital Markets Corporation

Commerz International Capital Management GmbH

KLAUS MÜLLER-GEBEL

a) Deutsche Schiffsbank AG (Deputy Chairman)

Holsten-Brauerei AG

Kellogg (Deutschland) GmbH

within Commerzbank Group:

comdirect bank AG (Deputy Chairman)

Commerzbank Investment Management GmbH

RHEINHYP
Rheinische Hypothekenbank AG (Deputy Chairman)

b) BVV Versicherungsverein des Bankgewerbes a.G. (Chairman)

MICHAEL PARAVICINI

a) entory AG

within Commerzbank Group:

Commerz NetBusiness AG (Chairman)

KLAUS M. PATIG

a) Degussa-Hüls AG

Deutsche Börse AG (Deputy Chairman)

EUREX Clearing AG

EUREX Frankfurt AG

Ferrostaal AG

G. Kromschröder AG (Deputy Chairman)

VINCI Deutschland GmbH

b) EUREX Zürich AG

Fördergesellschaft für Börsen und Finanzmärkte in Mittel- und Osteuropa mbH

Commerzbank Capital Markets Corporation (Chairman)

Commerzbank Capital Markets (Eastern Europe) a.s. (Chairman)

Commerzbank (South East Asia) Ltd.

Commerz International Capital Management GmbH
(Deputy Chairman)

Commerz Securities (Japan) Company Ltd.
(Chairman)

Dr. AXEL FRHR. V. RUEDORFFER

a) Allgemeine Kreditversicherung AG
(Deputy Chairman)

AUDI AG

Commerz Unternehmensbeteiligungs-AG
(Chairman)

within Commerzbank Group:

Hypothekenbank in Essen AG

b) AKA Ausfuhrkredit-Gesellschaft mbH
(2nd Deputy Chairman)

Banca Commerciale Italiana S.p.A.

Banca Intesa S.p.A.

Banco Santander Central Hispano S.A.

Crédit Lyonnais S.A.

Erste Bank der oesterreichischen Sparkassen AG

Hannover Finanz Gesellschaft mit beschränkter Haftung Beteiligungen und Kapitalanlagen

Mediobanca – Banca di Credito Finanziario S.p.A.

Stiebel Eltron-Gruppe
(Chairman)

Viking Schiffsfinanz AG

Viking Ship Finance (Overseas) Ltd.

AFINA Bufete de Socios Financieros S.A.

Caisse Centrale de Réescompte, S.A.
(Deputy Chairman)

Commerzbank Asset Management Italia S.p.A.

Commerzbank Belgium S.A./N.V.
(Chairman)

Commerzbank (Nederland) N.V.
(Chairman)

FORMER MEMBERS OF THE BOARD OF MANAGING DIRECTORS

Dr. ERICH COENEN

a) Adolf Ahlers AG

Kolbenschmidt-Pierburg AG

Lausitzer Braunkohle AG

Viterra AG

within Commerzbank Group:

RHEINHYP
Rheinische Hypothekenbank AG
(Deputy Chairman)

b) Security Capital U.S. Realty

Security Capital European Realty

MEMBERS OF THE SUPERVISORY BOARD OF COMMERZBANK AG

a) Membership of other legally prescribed supervisory boards

b) Membership of similar bodies

HEINZ-WERNER BUSCH

–

UWE FOULLONG

a) DBV-Winterthur Holding AG

DBV-Winterthur Lebensversicherung AG

DIETRICH-KURT FROWEIN

a) Heidelberger Druckmaschinen AG

Mannesmann VDO AG

Schunk GmbH

Software AG
(Chairman)

Dott. GIANFRANCO GUTTY

a) AMB Aachener und Münchener Beteiligungs-AG
Generali Beteiligungs-AG

b) Alleanza Assicurazioni S.p.A.

Banca Generali S.p.A.
(Chairman)

Banca Intesa S.p.A.

Banco Vitalicio de España, C.A. de Seguros y Réaseguros

Banco Santander Central Hispano S.A.

BSI – Banca della Svizzera Italiana

Fiat S.p.A.

Genagricola S.p.A.

GENAM Società di Gestione del Risparmio S.p.A.
(Chairman)

Generali Asset Management S.p.A.
(Chairman)

Generali Finance B.V.

Generali France Holding S.A.

Generali Holding Vienna Aktiengesellschaft

Holding di Partecipazioni Industriali S.p.A.

INA – Instituto Nationale delle Assicurazioni S.p.A.

Mediobanca – Banca di Credito Finanziario S.p.A.

Participatie Maatschappij Graafschap Holland N.V.

Transocean Holding Corporation

Dr.-Ing. OTTO HAPPEL

–

GERALD HERRMANN

a) DBV-Winterthur Versicherung AG

european transaction AG

WinCom-Versicherungs-Holding AG

HANS-GEORG JURKAT

b) BVV Versicherungsverein des Bankgewerbes a.G.

DETLEF KAYSER

–

DIETER KLINGER

–

Dr. TORSTEN LOCHER

–

HORST SAUER

–

Dr. ERHARD SCHIPPOREIT

a) AXA Colonia Lebensversicherung AG

within group:

Klöckner & Co. AG
(Chairman)

Schmalbach-Lubeca AG
(Chairman)

VAW aluminium AG
(Chairman)

Degussa-Hüls AG

E.ON Energie AG

Goldschmidt AG

SKW Trostberg AG

VIAG Telecom AG

b) Connect Austria GmbH

within group:

E.ON Risk Consulting GmbH
(Chairman)

WERNER SCHÖNFELD

–

Prof. Dr.-Ing. EKKEHARD SCHULZ

a) Hapag-Lloyd AG

MAN AG

RAG AG
(Deputy Chairman)

RWE Plus AG

STRABAG AG

within group:

Eisen- und Hüttenwerke AG
(Chairman)

Krupp Thyssen Stainless GmbH
(Chairman)

ThyssenKrupp Materials & Services AG
(Chairman)

Thyssen Krupp Stahl AG
(Chairman)

b) **within group:**

The Budd Company

Thyssen Inc.

ALFRED SEUM

–

HERMANN JOSEF STRENGER

a) Bayer AG
(Chairman)

Linde AG

b) Agfa-Gevaert N.V.

Prof. Dr. jur. JÜRGEN F. STRUBE

a) Allianz Lebensversicherungs-AG

Bertelsmann AG

Hapag-Lloyd AG

Hochtief AG
vorm. Gebr. Helfmann

Linde AG

b) BASFIN Corporation
(Chairman)

Central European Equity Fund

Germany Fund

Dr. KLAUS STURANY

a) Hannover Rückversicherungs-AG

RAG AG

within group:

DEA Mineraloel AG
(Chairman)

Heidelberger Druckmaschinen AG

Hochtief AG
vorm. Gebr. Helfmann

RWE-DEA AG für Mineraloel
und Chemie

RWE Plus AG

RWE Power AG

RWE Umwelt AG
(until February 8, 2001)

TESSAG Technische Systeme & Services AG

b) **within group:**

Thames Water plc.

HEINRICH WEISS

a) Bertelsmann AG

Deutsche Bahn AG

Ferrostaal AG

Heraeus Holding GmbH

Hochtief AG
vorm. Gebr. Helfmann

J. M. Voith AG

within group:

SIEMAG TRANSPLAN GmbH

SMS Demag AG
(Chairman)

b) Thyssen-Bornemisza Group

Chen Hsong Holdings Ltd.

Concast Holding AG
(Chairman)

WILHELM WERHAHN

a) Gesellschaft für Buchdruckerei AG
(Chairman)

RWE-DEA AG für Mineraloel
und Chemie

RWE Power AG

within group:

Heinrich Industrie- und Handels-AG
(Chairman)

Neusser Zeitungsverlag GmbH
(Chairman)

Zwilling J. A. Henckels AG
(Chairman)

FORMER MEMBERS OF THE SUPERVISORY BOARD

HELMUT MAMSCH

a) Degussa-Hüls AG
K+S AG
Readymix AG

b) Logica plc.
MEMC Electronic Materials, Inc.

Dr. HARALD WILDE

–

EMPLOYEES OF COMMERZBANK AG

Information pursuant to Art. 340a, (4), no.1, HGB

JOCHEN APPELL

ADIG Allgemeine Deutsche Investment-Gesellschaft mbH

Dr. FRANZ-GEORG BRUNE

ADIG Allgemeine Deutsche Investment-Gesellschaft mbH

Commerz Grundbesitz-Investmentgesellschaft mbH

CommerzLeasing und Immobilien AG

WOLFRAM COMBECHER

Aerzener Maschinenfabrik GmbH

MARTIN EIBEN

Syskoplan AG

Dr. RÜDIGER VON EISENHART-ROTHE

Lafarge Zement GmbH

DIETER FIRMENICH

BinTec Communications AG

Commerz Unternehmensbeteiligungs-AG

Sachsenring Automobiltechnik AG

BERND FÖRSTER

SE Spezialelectronic Bauelemente Wuttke GmbH

ULRICH HÄHNER

DOM-Brauerei AG

HANS-JOACHIM HAHN

Commerz Grundbesitz-Investmentgesellschaft mbH

Dr. WOLFGANG HÖNIG

Hypothekenbank in Essen AG

KLAUS HOLLENBACH

TNT Express GmbH

HEINZ-MARTIN HUMME

DS Technologie GmbH

GÜNTER JERGER

CommerzLeasing und Immobilien AG

FRANZ JUNG

Constantin Film AG

PETER KROLL

Commerzbank Investment Management GmbH

CommerzLeasing und Immobilien AG

THORSTEN LAHL

TIAG Tabbert-Industrie AG

Dr. DIRK MATTES

MEWA Textil-Service AG

UDO MAUERWERK

CronBank AG

MHK Verbundgruppe AG

FRIEDRICH RÖTTGER

Bankhaus Bauer AG

DAVID R. SAVAGE

CommerzLeasing und Immobilien AG

Honsel Management GmbH

ANDREAS SCHMIDT

Rasmussen GmbH

Dr. FRIEDRICH SCHMITZ

ADIG Allgemeine Deutsche Investment-Gesellschaft mbH

Commerzbank Investment Management GmbH

Commerz International Capital Management GmbH

Dr. GERT SCHORRADT

Carmeile AG

PopNet Internet AG

FRANK SCHULZ

Südost Woba Dresden GmbH

GERHARD SCHULZ

Südwest Finanz Holding AG

MONIKA SERRECK

Spielbanken Niedersachsen GmbH

Dr. FERDINAND VOGEL

comdirect bank AG

Dr. RAINER WEDEL

JC Institu Beteiligungsges. mbH

GÜNTER WUDY

WV Energie AG

As of December 31, 2000

GLOSSARY

ASSET-BACKED SECURITIES
Instrument for transforming claims tied up in the balance sheet into negotiable securities.

ASSETS HELD FOR DEALING PURPOSES
Under this balance-sheet item, securities, promissory notes, foreign exchange and derivative financial instruments which are used for dealing purposes are shown. They appear at their fair value.

ASSOCIATED COMPANY
A company included in the consolidated financial statements neither on a fully or partially consolidated basis, but rather according to the equity method; however, a company which is included in the consolidation has a significant influence on its business and financial policies.

BACKTESTING
Backtesting is a procedure for monitoring the quality of value-at-risk models. For this purpose, the potential losses projected by the VaR approach are examined over a lengthy period to ascertain whether in retrospect they were not exceeded far more frequently than the applied confidence level would have suggested.

BENCHMARK
Benchmarks are reference figures like indices, which are used, for instance, in portfolio management. For one thing, they can determine the direction of an investment strategy by giving the portfolio manager orientation in assembling portfolios. For another, they serve as a yardstick for investment performance.

BOOKBUILDING
The bookbuilding procedure is used in connection with working out the issue price and placing equities such that the investor is included in the process of determining the price. The alternative is the fixed-price procedure in which the issue price is determined by the lead manager of the banking syndicate and the issuer. The bookbuilding procedure can be split into three phases:

In the pre-marketing phase, the banks in the syndicate contact potential large investors on the basis of an analytically calculated price indication in order to sound out the interest of the investors and their price expectations. On the basis of the indicators, the lead manager consults the issuer and a price range is established around the price that has been worked out analytically. This range is then published.

In the marketing phase, the company is presented in international financial centres by means of roadshows. Parallel to these, the management conducts individual discussions with institutional investors.

In the third phase, the actual bookbuilding, investors' purchase orders which lie within the established price range are accepted by the banking syndicate. The lead manager enters all the orders into a single book and for this reason is also known as the bookrunner, i.e. with responsibility for the book.

Once the bookbuilding is complete, the final issue price is announced – reflecting the price/volume function – and the regional and quantitative allocation of the shares on offer is carried out.

BUSINESS CONTINGENCY PLANNING
A company's emergency planning, covering all of its units.

CAPITAL FLOW STATEMENT

This shows the breakdown and changes in a company's cash and cash equivalents during the business year. It is divided up into the items operating, investing and financing activities.

COLLATERAL AGREEMENT

An agreement covering the security or collateral to be furnished.

CONFIDENCE LEVEL

This indicates the probability with which a potential loss lies within the scope defined by the value-at-risk.

COST/INCOME RATIO

This represents the ratio of operating expenses to income, indicating the cost-efficiency of the company or of one of its business units.

CREDIT VAR

The concept of credit VaR stems from the application of the value-at-risk concept for market risks to the area of credit-risk measurement. In substantive terms, the credit VaR is an estimate of the amount by which the losses arising from credit risks might potentially exceed the expected standard risk costs within a year, which have been calculated into the margin charged (unexpected loss). This approach is based on the idea that the standard risk costs merely represent the long-term mean value for loan defaults, which may differ (positively or negatively) from the actual loan defaults in the current business year.

DAX 30

Deutscher Aktienindex (German stock index), which covers the 30 largest German blue chips with the largest turnover in official trading.

DEFERRED TAXES

These are taxes on income to be paid or received in the future, resulting from discrepancies between the balance sheet for tax purposes and the commercial balance sheet. At the time the accounts are prepared, they represent neither claims on nor liabilities towards the tax authorities.

DERIVATIVES

Derivatives are financial instruments whose value depends on the value of another financial instrument. The price of the derivative is derived from the price of an underlying object (equity, currency, interest rate, precious metal, etc.). These instruments offer greater possibilities for steering and managing risk.

DUE DILIGENCE

The term is used to describe the process of intensive examination of the financial and economic situation and planning of a company by external experts (mostly banks, lawyers, auditors). In the run-up to an IPO or a capital increase, due diligence is needed before an offering prospectus can be compiled.

ECONOMIC CAPITAL

The amount which would be sufficient to cover the overall risk of a company, i.e. the aggregate of market, default and operational risks. It is not identical to equity as shown in the balance sheet.

EQUITY METHOD

A consolidation method in a group's accounting to cover holdings in associated companies. The company's pro-rata net profit/loss for the year is included in the consolidated income statement as income/loss from equity investments and attributed to the book value of the investment. Distributions reduce the value by the pro-rata amount. The basis is the historical cost of the equity investment.

EURO

Since January 1, 1999, the euro has been the common currency of the participants in European monetary union. Since then, the former national currencies of the participating states have been ”non-decimal sub-units” of the euro and both their cross-rates and their exchange rate against the euro have been irrevocably fixed.

1 euro corresponds to

1.95583	D-marks
40.3399	Belgian francs
340.750	Greek drachmas
166.386	Spanish pesetas
6.55957	French francs
0.787564	Irish pounds
1936.27	Italian lire
40.3399	Luxembourg francs
2.20371	Dutch guilders
13.7603	Austrian shillings
200.482	Portuguese escudos
5.94573	Finnish markka

FAIR VALUE

Fair value is the amount at which financial instruments may be sold or purchased on fair conditions. For evaluation purposes, either market prices (e.g. stock-exchange prices) or – if these are unavailable – internal valuation models are used.

GOODWILL

The difference between the purchase price and the value of the net assets thereby acquired remaining after the hidden reserves have been disclosed when an equity investment or company is taken over.

HEDGING

A strategy under which transactions are effected with the aim of providing cover against the risk of unfavourable price movements (interest rates, prices, commodities).

INTERNATIONAL ACCOUNTING STANDARDS (IAS)

Accounting regulations approved by the International Accounting Standards Committee. The objective of financial statements prepared according to IAS is to provide investors with information to help them reach a decision with regard to the company's asset and financial position and also its earnings performance, including changes in the course of time. By contrast, financial statements according to HGB (German Commercial Code) are primarily geared to investor protection.

IPO

Abbreviation for initial public offering, a company's introduction to the stock exchange.

INVESTOR RELATIONS

The terms describes the relationship between a company and its shareholders or creditors. Investor relations targets this special group with the intention of using communicative means to ensure that the capital market gives it an appropriate evaluation.

LETTER OF COMFORT

Usually, the commitment of a parent company towards third parties (e.g. banks) to ensure the orderly management of its subsidiary and its ability to meet commitments.

LIABILITIES FROM DEALING ACTIVITIES

Under this balance-sheet item, the derivative instruments of proprietary trading with a negative market value appear, and also delivery commitments arising from the short-selling of securities. Valuation is made at fair value.

MARK-TO-MARKET

Valuation of all proprietary trading activities of a company at current market prices, including unrealized profits – without purchase costs being taken into consideration.

MERGERS & ACQUISITIONS

In banking, M&A represents the advisory service offered to companies involved in such transactions, especially the purchase and sale of companies or parts of them.

NEMAX 50

The Nemax 50 covers the 50 largest growth shares of the *Neuer Markt*. It represents an indicator for the price performance of this market segment for growth stocks. The main criteria for inclusion in the index are market capitalization and turnover.

NETTING

The setting-off of items (amounts or risks) which appear on different sides of a balance.

NEUER MARKT

A trading segment of the Frankfurt Stock Exchange developed by Deutsche Börse AG in 1997. The *Neuer Markt* (literally: New Market) is intended to enable small to medium-sized innovative growth companies in particular – active in sectors with great future potential or in traditional industries with product, process and service innovations and possessing above-average sales and profit prospects – to gain access to the capital market.

ONLINE BANKING

A variety of banking services handled with IT support and offered to customers electronically (by telephone line).

OPTIONS & FUTURES

Options and futures are forward transactions, i.e. agreements representing claims to performance to be met at a fixed date in the future. In the case of an option, the taker has the right to performance, which he need not exercise, however. By contrast, the giver of an option is only obliged to perform if the taker requires this. The situation is different for futures, where both contractual partners are obliged to meet the agreed claim of the counterparty at the fixed point in time.

OTC

Abbreviation for ”over the counter”, which is used to refer to off-the-floor trading.

PROFIT-SHARING CERTIFICATE

Securitization of profit and loss-sharing rights which are issued by companies of various legal forms and are introduced to official (stock-exchange) trading. Under certain conditions, profit-sharing certificates may be counted as part of banks' liable funds.

RATING AGENCIES

Initially in the U.S., and later in Europe as well, agencies were established whose service consists of analysing companies' credit standing. Standard & Poor's and Moody's are the two best-known rating agencies, whose ratings are used worldwide. Based on an examination of important business data and other information, the rating agencies form credit-standing ratings, ranging from AAA (best rating) to C (poorest rating). Frequently, they relate specifically to debt instruments (such as bonds) issued by companies; often, the issuers themselves apply for the rating.

For companies, higher or lower ratings mean higher or lower capital-raising costs or even – in extreme cases – exclusion from the capital market as a source of funds.

REPO TRANSACTIONS

Abbreviation for repurchase agreement; these are combinations of spot purchases or sales of securities and the simultaneous sale or repurchase of these securities on a forward basis in an agreement involving the same counterparty.

RETURN ON EQUITY

This is calculated by taking the ratio between the after-tax profit and the average amount of equity as shown in the balance sheet; it indicates the return which the company achieves on the capital which it employs.

ROADSHOW

Presentations of a company in financial centres in connection with capital-raising measures.

SHAREHOLDER VALUE

Shareholder value gives priority to the interests of proprietors or, in the case of listed companies, shareholders.

Under this approach, the company's management is committed to increasing the value of the company over the long term and thus to lifting the share price. This contrasts with ”stakeholder value”, which aims to achieve a balance between the interests of shareholders and other groups, such as customers, employees, providers of outside funds, banks, etc.

One major component of the shareholder value principle is also a shareholder-oriented, transparent information policy, which above all in the major listed companies is entrusted to investor relations.

SPREAD

The term spread refers to the price differential between the buy and sell side. Latent factors which influence the size of the spread include transaction costs, hedges against price fluctuations and an adverse selection component. The latter factor offers protection for the party setting the price from his potential counterparty, given differing levels of information.

STANDARD RISK COSTS

These represent the average expected risk costs in a given year (expected loss) or value adjustments due to the default of customers or counterparties.

STOP-LOSS LIMIT

A type of limit serving to restrict or prevent losses, such that if the market value falls below a previously determined level, the trading position in question has to be closed or the security sold.

STOXX

The Stoxx ”family” of indices is a system of European benchmark, blue chip and sectoral indices. Stoxx Limited itself is a joint venture between Deutsche Börse AG, Dow Jones & Company, SBF-Bourse de France and the Swiss Stock Exchange.

STRESS-TESTING

Stress tests are used in an attempt to model the losses produced by extreme market fluctuations, as these cannot usually be adequately presented by VaR models. As a rule, VaR risk figures are based on ”normal” market fluctuations, rather than on very rare extreme situations which cannot, as a result, be represented statistically, such as the 1987 stock-market crash or the Asian crisis. Stress tests therefore represent a rational complement to VaR analyses, and also one that is required by regulators.

SUBSIDIARY

Company controlled by its parent and fully consolidated. If it is of minor significance, it is not included in the consolidation. In this case, the company appears at net book value.

SWAPS

Swaps are one of the financial innovations; they represent a financing technique in which two parties exchange interest rates or currency positions. Examples here are the swapping of fixed DM interest rates for floating DM interest rates (interest-rate swap) or amounts in US dollars for euro amounts (currency swap). Depending on whether such transactions affect the assets or the liabilities side of the balance sheet, they are called asset or liability swaps.

VALUE-AT-RISK MODEL (VAR)

VaR refers to a method of quantifying risks. At present, it is primarily used in connection with market-price risks. VaR is only informative if the holding period (e.g. 1 day) and the confidence level (e.g. 97.5%) are specified. Then, the VaR figure indicates the loss ceiling which will not be exceeded within the holding period with a probability corresponding to the confidence level.

VOLATILITY

The term volatility is used to characterize the price fluctuation of a security or currency. Frequently, this is calculated in the form of the standard deviation from the price history or implicitly from a price-fixing formula. The greater the volatility, the riskier it is to hold the investment.

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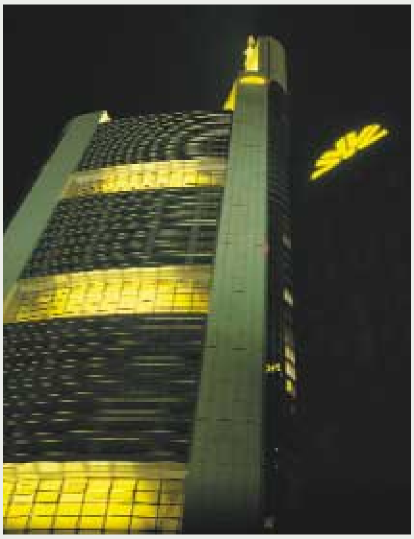
BUSINESS PROGRESS 1968–2000*

	Business volume € bn	Total lending € bn	Customers' deposits € bn	Taxes paid € m	Allocation to reserves from profit € m	Equity € m	Total amount of dividend paid € m	Staff	Offices
1968	8.5	5.4	6.6	33.2	16.1	346	23.9	14,689	691
1969	9.8	6.5	7.1	41.8	16.3	439	32.0	15,630	743
1970	12.5	8.8	8.0	26.1	5.8	463	30.4	16,952	783
1971	15.9	11.4	9.2	39.2	13.0	541	31.5	17,533	800
1972	18.7	12.6	10.7	45.0	14.6	599	34.8	17,707	805
1973	20.5	13.5	11.1	39.2	9.2	656	40.7	18,187	826
1974	23.0	15.1	11.7	54.8	26.7	735	40.7	17,950	834
1975	29.0	18.2	14.1	97.5	42.5	844	48.8	18,749	855
1976	32.6	21.3	15.0	87.5	57.2	993	55.9	20,275	861
1977	38.6	24.0	17.3	128.0	52.3	1,165	55.9	20,429	870
1978	45.3	29.5	20.0	126.4	50.9	1,212	63.1	20,982	875
1979	52.2	34.8	20.4	97.0	20.5	1,403	64.6	21,656	885
1980	52.4	37.4	20.3	53.6	16.6	1,423	–	21,487	880
1981	53.2	38.6	21.0	52.4	12.9	1,414	–	21,130	878
1982	56.8	41.8	22.6	86.8	43.8	1,416	–	21,393	877
1983	59.1	43.3	23.2	121.3	62.3	1,491	51.7	22,047	884
1984	63.9	46.2	26.5	140.8	77.9	1,607	51.7	22,801	882
1985	71.4	48.3	28.0	164.4	89.5	1,756	72.6	24,154	882
1986	77.1	52.5	30.3	169.0	80.2	2,292	95.5	25,653	881
1987	83.8	55.7	33.5	168.0	89.8	2,379	95.7	26,640	882
1988	93.3	61.7	37.8	192.4	120.2	2,670	104.0	27,320	888
1989	99.1	64.7	43.5	252.4	143.7	3,000	115.3	27,631	897
1990	111.4	74.9	50.5	246.7	112.4	3,257	131.6	27,275	956
1991	117.1	80.7	57.2	276.6	120.1	3,420	132.0	28,226	973
1992	120.4	85.0	61.6	283.4	209.0	3,680	134.0	28,722	998
1993	147.1	92.7	68.2	310.8	143.9	4,230	176.8	28,241	1,006
1994	176.1	112.7	68.8	334.5	306.8	5,386	231.2	28,706	1,027
1995	208.1	133.1	73.2	109.4	204.5	6,297	265.8	29,615	1,060
1996	230.6	158.2	82.8	297.1	332.3	6,909	276.3	29,334	1,045
1997	276.0	185.3	93.3	489.2	295.5	8,765	344.2	30,446	1,044
1998	327.4	207.6	93.6	298.1	511.3	10,060	380.5	32,593	1,052
1999	372.1	223.2	91.0	395.6	500.0	11,141	410.8	34,870	1,064
2000	**459.7**	**239.7**	**107.7**	**822.7**	**800.0**	**12,523**	**541.8**	**39,044**	**1,080**

*) as from 1992, following new accounting principles; as from 1997, according to IAS



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Our full annual report and
also an abridged version are
available in German and English.
ISSN 0414-0443

VKI 02041