



# COMMERZBANK HIGHLIGHTS

Group					
in DM m. at year-end		in DM m. at year-end			
<b>Assets</b>	1987	1986	<b>Liabilities and Shareholders' Equity</b>	1987	1986
Cash reserves	4,289	4,178	Liabilities to banks	44,670	39,208
Cheques, collection items	479	483	Customers' deposits	65,596	59,180
Bills of exchange	3,662	2,477	a) demand deposits	(13,815)	(14,310)
Claims on banks	48,066	40,402	b) time deposits	(36,660)	(30,646)
Treasury bills	1,551	2,118	c) savings deposits	(15,121)	(14,224)
Bonds and notes	10,612	9,850	Bonds outstanding	41,781	40,324
Shares	857	837	Other liabilities	4,332	4,270
Loans and advances to customers	86,588	82,660	Capital and reserves <sup>1)</sup>	5,017	4,869
a) at agreed periods of less than four years	(28,912)	(29,381)	a) subscribed capital	(1,040)	(1,038)
b) at agreed periods of four years or more	(57,676)	(53,279)	b) reserves	(2,903)	(2,834)
Investments	1,492	1,523	c) profit-sharing certificates outstanding	(425)	(425)
Land and buildings	814	733	d) reserve arising from consolidation <sup>2)</sup>	(600)	(516)
Other assets	3,321	2,889	e) minority interests <sup>3)</sup>	(49)	(56)
<b>Total Assets</b>	<b>161,731</b>	<b>148,150</b>	Consolidated profit	335	299
<b>Net income for the year</b>	<b>423</b>	<b>408</b>	<b>Total Liabilities and Shareholders' Equity</b>	<b>161,731</b>	<b>148,150</b>
			Endorsement liabilities	2,128	2,566
			<b>Business volume</b>	<b>163,859</b>	<b>150,716</b>
			Guarantees	10,460	9,720
Branches	882	881			
Customers	2,892,800	2,761,700			
Staff	26,640	25,653			

Parent Bank <sup>4)</sup>		
at year-end	1987	1986
Total assets	DM101,108.1m	DM90,807.0m
Total lending	DM 58,404.0m	DM55,127.2m
Capital and reserves	DM 4,368.4m	DM 4,296.6m
Dividend paid per DM50 nominal share	DM9.00	DM9.00
Tax credit (in addition to cash dividend)	DM5.06	DM5.06

<sup>1)</sup> 1987: DM5,078m (1986: DM4,908m) after allocation of funds decided upon at 1988 (1987) AGMs of consolidated companies;

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

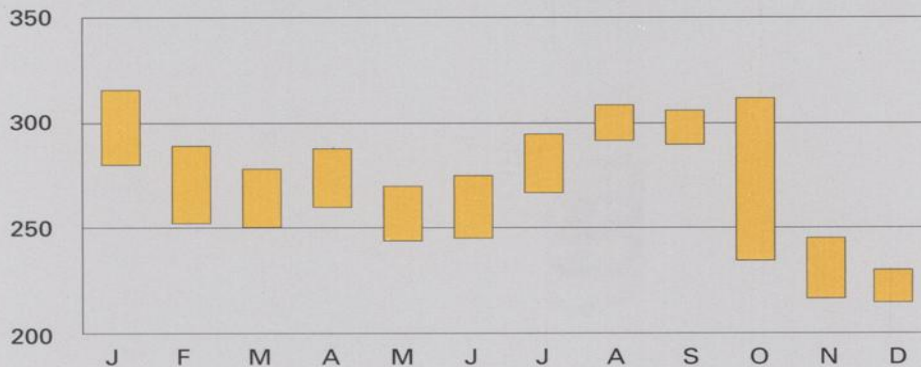
<sup>3)</sup> excluding attributable share of profits;

<sup>4)</sup> for Parent Bank's complete Annual Accounts see pages 56 to 59.



## Performance of the Commerzbank share in 1987

monthly highs and lows, in DM



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

### Quotation of Commerzbank's shares

Our shares are officially quoted on all eight German and on the following foreign stock exchanges:

Austria	Vienna (since 1972)	Japan	Tokyo (since 1986)
Belgium	Antwerp, Brussels (since 1973)	Luxembourg	Luxembourg (since 1974)
France	Paris (since 1971)	Netherlands	Amsterdam (since 1974)
		Switzerland	Basle, Berne, Geneva, Lausanne, Zurich (since 1973)
		United Kingdom	London (since 1962)

### Highlights of Commerzbank's history

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

Jan 1, 1952:  
Balance sheet date for first DM accounts to be published by the Bank's regional post-war successor institutions.

July 1, 1958:  
Post-war successor institutions re-merged in Düsseldorf into Commerzbank AG.

Since 1970:  
Centralization of all departments in Frankfurt.





## Headquarters

### Frankfurt

Neue Mainzer Strasse 32-36  
D-6000 Frankfurt (Main)  
Telephone (0 69) 1 36 20  
Telex 4 152 530  
Telefax (0 69) 28 53 89

### Düsseldorf

Breite Strasse 25  
4000 Düsseldorf  
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Telex 8 581 381  
Telefax (02 11) 8 27 27 50

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As in previous years, our Annual Report is available in German, English, and French. In addition, we can supply our Report in all three languages in microfiche form. If you wish to receive it like this, please contact us under one of the addresses given opposite (att. Economic Research and Corporate Communication Dept.). ISSN 0414-0443

Note: throughout this Report, the term "billion" (bn) represents "1,000 million" (m).



## To our shareholders

In recent years, the dynamic performance of the international financial markets partly reflected, and partly paved the way for, closer world-economic ties. This process will continue. But deregulation and globalization in the financial sector—which in turn influence the competitive environment for banks—call for intensive international coordination in all areas of politics and business.

Such considerations are now taking concrete shape in Western Europe. Within the business community, the vision of an integrated European market by end-1992 has produced fresh momentum, representing both a new awareness of Europe's potential and a resurgence of Euro-optimism. Banks as well have to think European and develop strategies for the unified financial area.

We at Commerzbank were quick to respond to mounting demand worldwide for banking services by carefully targeted outlays on personnel and technology. Thus, over the five-year span from early 1983 to end-1987, the Group's workforce expanded by almost a quarter; in other words, we created close on 5,300 jobs, about 300 of them abroad. This increase in staff, which will continue in 1988 at a somewhat slower pace, has largely served to reinforce the counselling activities in our branches or to create more computer workplaces. At the same time, the number of customers went up by 380,000 to just under 2.9 millions.

The annual general operating expenses of our Bank, including depreciation on fixed assets, have almost doubled over the past five years, reflecting efforts to rationalize work procedures by means of the latest technology, to steer the flow of information effectively, and to establish a competitive edge.

We consider the high level of earnings achieved within the

Group proof that we are pursuing the right policy. In 1987, all Group members performed successfully again. With the dividend paid to our shareholders maintained at DM9 per share, an allocation of altogether DM176m will be made to the Group's disclosed reserves; this reinforcement from profits of our Bank's equity capital even exceeds 1985's record.

Stricter capital adequacy rules for credit institutions worldwide oblige us to ensure that, as our business volume expands, we preserve a capital base that is strong enough. So as to be able to comply with these tougher, foreseeable requirements and maintain our competitive position, we have to create fresh scope for ourselves to raise equity funds. We thus propose to our AGM in Frankfurt on May 26 to authorize a number of measures to this end, providing for various combinations of equity and debt instruments, such as profit-sharing certificates at attractive conditions, or bonds with warrants or convertible bonds.

This year, we invite shareholders to the "Alte Oper" in Frankfurt again for our Annual General Meeting on Thursday, May 26. The dates for the following years are: May 30, 1989 in Düsseldorf, May 18, 1990 in Frankfurt, and May 29, 1991 in Munich.

March 1988



Chairman of the  
Supervisory Board



Chairman of the Board  
of Managing Directors



YORK STOCK EXCHANGE

Stock	Div. Yr.	P/56
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The Commerzbank share—a truly international investment medium.



### Business Progress of Parent Bank, 1952-1987

	Total assets	Total lending	Capital and reserves	Savings deposits and savings bonds	Annual dividend	Total amount of dividends paid	Allocation to reserves from profit	Taxes paid	Staff <sup>2)</sup>	Branches
	DM bn	DM bn	DM m	DM m	% or DM per share <sup>1)</sup>	DM m	DM m	DM m		
1-1-1952	1.6	1.3	55	75	–	–	–	–	4,812	108
<b>31-12-1957</b>	<b>5.3</b>	<b>3.4</b>	<b>226</b>	<b>458</b>	<b>12</b>	<b>15.9</b>	<b>17.0</b>	<b>39.0</b>	<b>7,537</b>	<b>168</b>
31-12-1958	5.6	3.5	253	587	14	21.0	17.0	35.1	7,690	185
31-12-1959	6.4	4.0	338	789	14+2	25.2	25.0	57.9	8,371	217
31-12-1960	6.9	4.5	360	930	16	28.8	22.0	62.1	9,465	266
31-12-1961	7.8	5.5	410	1,053	16	32.0	19.0	57.3	10,507	332
31-12-1962	8.7	5.6	420	1,257	16	32.0	10.0	48.1	10,657	372
31-12-1963	9.3	6.0	435	1,477	16	32.0	15.0	51.6	10,740	392
31-12-1964	9.8	6.6	500	1,720	16	36.0	20.0	54.8	11,021	402
31-12-1965	10.3	6.9	520	2,154	16	36.0	20.0	54.0	11,402	436
31-12-1966	11.0	7.4	540	2,649	16	36.0	20.0	55.2	12,076	461
<b>31-12-1967</b>	<b>12.9</b>	<b>8.4</b>	<b>605</b>	<b>3,040</b>	<b>16</b>	<b>40.0</b>	<b>40.0<sup>3)</sup></b>	<b>55.3</b>	<b>12,760</b>	<b>550</b>
31-12-1968	15.4	9.7	660	3,565	8.50	46.8	30.0 <sup>3)</sup>	59.8	13,409	636
31-12-1969	17.4	12.6	840	3,949	8.50+1.50	62.5	30.0	77.5	14,350	688
31-12-1970	19.7	13.8	850	4,182	8.50	59.5	10.0	47.1	15,441	719
31-12-1971	22.1	15.6	990	4,840	8.50	61.6	15.0	57.1	15,952	731
31-12-1972	25.6	17.4	1,115	5,444	8.50	68.0	15.0	58.9	16,161	737
31-12-1973	28.4	18.1	1,213	5,651	8.50	79.6	–	45.2	16,622	755
31-12-1974	31.4	20.1	1,364	6,487	8.50	79.6	30.0	71.9	16,585	765
31-12-1975	38.5	22.3	1,548	8,005	9.00	95.5	50.0	129.6	17,328	782
31-12-1976	42.1	25.6	1,781	8,964	9.00	109.3	50.0	95.8	17,729	790
<b>31-12-1977</b>	<b>50.9</b>	<b>29.0</b>	<b>2,078</b>	<b>10,137</b>	<b>8.50</b>	<b>109.4</b>	<b>50.0</b>	<b>163.8</b>	<b>17,872</b>	<b>794</b>
31-12-1978	60.6	37.5	2,129	11,097	8.50	123.4	50.0	164.0	18,404	795
31-12-1979	67.1	44.7	2,478	11,670	8.50	126.3	–	126.9	19,040	802
31-12-1980	64.7	45.5	2,478	11,793	–	–	–	38.3	19,023	805
31-12-1981	64.3	46.1	2,478	11,638	–	–	–	40.6	18,895	802
31-12-1982	66.2	47.1	2,528 <sup>4)</sup>	12,400	–	–	50.0 <sup>4)</sup>	109.3 <sup>4)</sup>	18,988	798
31-12-1983	66.9	46.1	2,578	12,984	6.00	101.2	50.0	178.4	19,368	796
31-12-1984	72.8	48.8	2,711	13,139	6.00	101.2	60.0	207.1	20,016	794
31-12-1985	82.6	50.3	3,336 <sup>5)</sup>	13,872	8.00	142.0	60.0	233.2	21,204	793
31-12-1986	90.8	55.1	4,297 <sup>5)</sup>	15,885	9.00	186.8	60.0	243.8	22,539	792
<b>31-12-1987</b>	<b>101.1</b>	<b>58.4</b>	<b>4,368<sup>5)</sup></b>	<b>16,837</b>	<b>9.00</b>	<b>187.2</b>	<b>60.0</b>	<b>239.6</b>	<b>23,324</b>	<b>793</b>

<sup>1)</sup> in % up to and including 1967; from 1968 onwards, in DM per DM50 nominal share; not including income tax credit of 9/16 of dividend to which resident shareholders have been entitled since 1977;

<sup>2)</sup> calculated as full-time staff;

<sup>3)</sup> in 1967, including DM20.0m (in 1968: DM5m) resulting from furniture and equipment being retransferred to assets side;

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

<sup>5)</sup> including DM425m of profit-sharing certificates outstanding.

## Supervisory Board

PAUL LICHTENBERG  
Frankfurt/Düsseldorf  
*Chairman*

HANS-GEORG JURKAT  
Cologne  
Commerzbank AG  
*Deputy Chairman*

KARIN BEHRENS  
Berlin  
Berliner Commerzbank AG  
*deceased on February 7, 1988*

REINHOLD BORCHERT  
Bonn  
Commerzbank AG

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

DR. ROLF DARMSTADT  
Frankfurt  
Commerzbank AG

BRIGITTA DORN  
Frankfurt  
Commerzbank AG

HANS-JOACHIM FUHRMANN  
Frankfurt  
Commerzbank AG

DR. UWE HAASEN  
Stuttgart  
Chairman of the Board of  
Managing Directors of Allianz  
Lebensversicherungs-AG, and  
Member of the Board of  
Managing Directors  
of Allianz AG Holding

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

FRITZ LOSUKOW  
Frankfurt  
Commerzbank AG

HORST MUTHIG  
Hamburg  
Commerzbank AG  
*since February 7, 1988*

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

TONI SCHMÜCKER  
Bergisch Gladbach

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

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

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

RUDOLF WEINGÄRTNER  
Hamburg  
Salaried Employees' Union (DAG)

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

DR. GERD WOLLBURG  
Augsburg  
Lawyer

WOLFGANG ZIEMANN  
Essen  
Member of the Board of  
Managing Directors  
of Rheinisch-Westfälisches  
Elektrizitätswerk AG



## Advisory Board

- KURT ALBERTS  
Essen  
Member of the Board of  
Managing Directors  
of Karstadt AG
- DR.-ING.  
BURCKHARD BERGMANN  
Essen  
Member of the Board of  
Managing Directors  
of Ruhrgas AG
- DR. MAX GÜNTHER  
Munich  
Member of the Board of  
Managing Directors  
of Siemens AG  
*deceased on January 21, 1988*
- HANS-OLAF HENKEL  
Stuttgart  
Chairman of the Executive Board  
of IBM Deutschland GmbH  
*since January 1, 1988*
- DR. HEINZ HORN  
Essen  
Chairman of the Board of  
Managing Directors  
of Ruhrkohle AG
- DR. WOLFGANG JAHN  
Meerbusch-Büderich
- DR. HANS-JÜRGEN KNAUER  
Mülheim (Ruhr)  
Chairman of the Board of  
Managing Directors  
of Stinnes AG
- PROFESSOR  
DR. CARL HEINRICH KRAUCH  
Marl  
Chairman of the Board of  
Managing Directors  
of Hüls AG
- DR. HEINZ KRIWET  
Duisburg  
Chairman of the Board of  
Managing Directors  
of Thyssen Stahl AG, and  
Member of the Board of  
Managing Directors  
of Thyssen AG  
vorm. August Thyssen-Hütte
- DR. WOLFGANG LAAF  
Düsseldorf  
Member of the Board of  
Managing Directors  
of Feldmühle Nobel AG
- ROLF LEISTEN  
Cologne  
Member of the Board of  
Managing Directors  
of Kaufhof AG
- DR. GERHARD LIENER  
Stuttgart  
Member of the Board of  
Managing Directors  
of Daimler-Benz AG
- HONORARY SENATOR  
DIPL.-ING. DR. HELMUT LOHR  
Stuttgart  
Chairman of the Board of  
Managing Directors  
of Standard Elektrik Lorenz AG
- DR. JÖRG MITTELSTEN SCHEID  
Wuppertal  
Lawyer  
General Partner in Vorwerk + Co.
- RUDOLF AUGUST OETKER  
Bielefeld
- HONORARY SENATOR  
LOTHAR F. W. SPARBERG  
Stuttgart  
Chairman of the  
Supervisory Board  
of IBM Deutschland GmbH  
*until December 31, 1987*
- PROFESSOR  
DIPL.-ING. DR. h.c. ENNO VOCKE  
Essen  
Chairman of the Board of  
Managing Directors  
of Hochtief AG  
vorm. Gebr. Helfmann
- HERIBERT WERHAHN  
Neuss  
Partner in Wilh. Werhahn

## **Board of Managing Directors**

WALTER SEIPP  
Frankfurt/Düsseldorf  
*Chairman*

KLAUS MÜLLER-GEBEL  
Frankfurt/Hamburg

ERICH COENEN  
Düsseldorf

JÜRGEN REIMNITZ  
Frankfurt

DIETRICH-KURT FROWEIN  
Frankfurt

KURT RICHOLT  
Frankfurt

KURT HOCHHEUSER  
Düsseldorf

AXEL FREIHERR von  
RUEDORFFER  
Frankfurt

GÖTZ KNAPPERTSBUSCH  
Düsseldorf

RABAN FREIHERR von SPIEGEL  
Frankfurt

MARTIN KOHLHAUSSEN  
Frankfurt

JÜRGEN TERRAHE  
Frankfurt

## **Executive Vice Presidents and Chief Legal Adviser**

Executive Vice Presidents  
(Generalbevollmächtigte)

Chief Legal Adviser  
(Chefjustitiar)

KLAAS PETER JACOBS  
New York

DR. HELMUT BECKER  
Frankfurt

ALFRED KNÖR  
Frankfurt

KLAUS-PETER MÜLLER  
Frankfurt

WOLFGANG OTTO  
Frankfurt

HERBERT PETERS  
Frankfurt

DR. MANFRED WILSDORF  
Frankfurt



# REPORT OF THE BOARD OF MANAGING DIRECTORS

## **The 1987 banking year**

Despite a number of problem areas, banks have been able to operate in a largely favourable environment for several years. Both the globalization and the deregulation of the markets have presented creative institutions of the all-purpose—or universal—type, which have repeatedly held their own against competition, with opportunities to develop new sources of income. However, while these positive tendencies were maintained in 1987, adverse factors emerged which at times resulted in extremely volatile interest rates and sharp price movements on the stock exchanges and also in the foreign exchange markets.

The German banks weathered these storms successfully; yet for the most part, they did not manage to sustain the high level of earnings they had achieved during the preceding years. Moreover, a stringent approach to assessing the risks in domestic and foreign lending business once again made necessary sizeable additions to loan-loss reserves; what is more, the write-downs of securities holdings which banks had to effect as a result of the stock market slump also had a negative impact.







The New York Stock Exchange—of which our US investment banking subsidiary, recently renamed Commerzbank Capital Markets Corporation, is a member.



## General performance of Commerzbank

Commerzbank adhered to its expansionary strategy in 1987 as well, increasing its market shares and entering new fields of activity at home and abroad. In the lesser-risk sectors, however, keen competition—but also the low level of interest rates—resulted in strong pressure on margins, yet this was compensated for by the enlarged volume of business and hence was not reflected in the results. In addition, the brisk demand for banking services, particularly counselling, called for a well-targeted increase in our capacity in terms of both manpower and technology.

Owing to its balanced overall structure, the Commerzbank Group enjoys a comparatively constant high earnings performance. Alongside the Parent Bank—whose total assets reached DM101bn at end-1987—the Commerzbank Group comprises above all the following institutions (their annual reports and accounts are summarized on pages 86 to 97 of this Report):

		balance sheet total
RHEINHYP Rheinische Hypothekenbank AG	Frankfurt	DM36,431m
Berliner Commerzbank AG	West Berlin	DM 6,929m
Commerzbank International S.A.	Luxembourg	DM17,084m
Commerzbank (Nederland) N.V.	Amsterdam	DM 1,045m*)
Commerzbank (South East Asia) Ltd.	Singapore	DM 2,221m*)
Commerzbank (Switzerland) Ltd	Zurich	DM 404m*)

\*) DM equivalent.

At end-1987, the banks affiliated within the Commerzbank Group were handling

over 5.4 million accounts  
for almost 2.9 million  
customers  
at 882 branches  
with a staff of 26,640.

The 8.7% growth to DM163.9bn in the consolidated business volume (consolidated balance

sheet total plus endorsement liabilities) was achieved primarily thanks to buoyant long-term lending to customers but was also due to stronger interbank operations. The Group's broadly-defined business volume—i.e. with guarantees included—rose by DM14.2bn (1986: DM10.8bn) to DM174.6bn, from DM160.4bn at end-1986.

Salient figures for the 1987 accounts of both the Group and the Parent Bank are as follows:

### Commerzbank Group

	DM bn
Balance sheet total	161.7
Total deposits and borrowed funds	153.5
Total lending	109.0
Capital and reserves	5.078*)

\*) after implementation of 1988 AGM resolutions.

### Commerzbank AG

	DM bn
Balance sheet total	101.1
Total deposits and borrowed funds	94.3
Total lending	58.4
Capital and reserves	4.368

### Group's partial operating result only slightly down

While it proved possible to boost earnings even further so that they slightly exceeded their high 1986 levels, aggregate expenditure went up somewhat faster still. Consequently, the Group's partial operating result—obtained by balancing net interest, dividend, and commission income plus earnings from leasing operations against staff and general operating costs as well as write-downs and depreciation in connection with regular banking operations—fell 6.5% to DM1.099bn.

The Group's overall operating result, which additionally comprises profits from own-account securities and foreign ex-



change dealings, recorded a sharper decline, of almost 18%, as the stock market slump in the fourth quarter of 1987 slashed the own-account trading profits accumulated up to then to just under half the solid figure registered in the previous year. Prominent among the extraordinary items were sizeable write-downs of securities that became necessary at year-end; these were more than offset, though, by even higher non-recurring earnings—from the sale of our holding in Sachs and the placement of the shares we had temporarily held in Linotype, as well as from profits realized on fixed-interest securities.

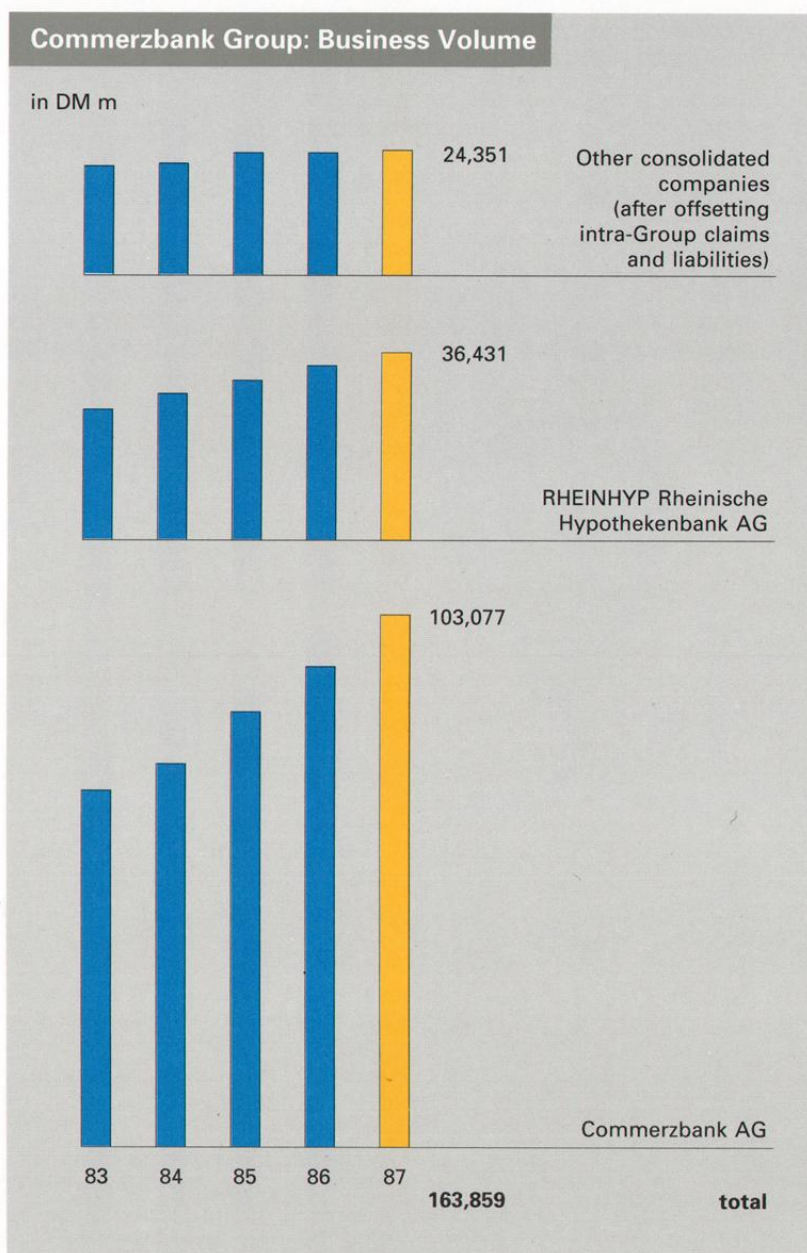
**Parent Bank:  
DM9 dividend**

Out of the Parent Bank's net income for the year of DM288.6m, an unchanged sum of DM60m was allocated to disclosed reserves, bringing them up to DM2,903m.

Given the generally satisfactory course of business, we propose to the Annual General Meeting of the Parent Bank that a dividend maintained at DM9 per DM50 nominal share be paid. Owing to the slight increase in capital ranking for dividend, this implies a rise in the total payout from DM186.8m to DM187.2m. The tax credit for domestic shareholders amounts to once again DM5.06 per DM50 nominal share.

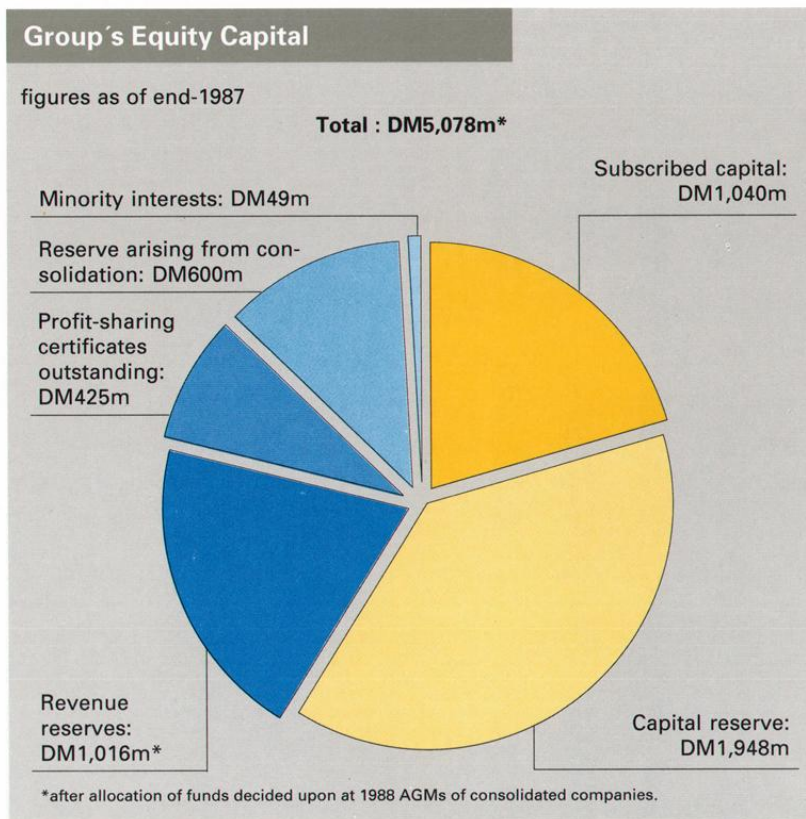
If this proposal is adopted, holders of the profit-sharing certificates already issued by the Parent Bank will, as in the preceding year, receive an additional 1.5 percentage point payment over and above the basic 8.25% interest distribution to which they are entitled. With a total of DM425m of such certificates outstanding, DM41.4m will be paid out for this purpose from the distributable profit.

The Group's equity capital is to be strengthened by a total of



DM176m (DM157m the previous year) through allocations to reserves from the 1987 results—the highest-ever such figure. In some cases, approval by the AGMs of consolidated companies is still required. The consolidated profit as shown in the balance sheet went up by 12.3% to DM335.3m.





**Group's equity capital tops DM5bn**

To be able to participate on an earnings-oriented basis in the strong growth of the international financial markets, we have for several years now actively pursued a policy of augmenting our equity capital so as to broaden our scope of action. Whereas the consolidated equity capital of the Group stood at DM2.8bn at end-1982, it will reach DM5,078m following the adoption of the resolutions passed by this year's AGMs of consolidated companies.

This expansion was achieved as follows: a total of DM781m stems from allocations to reserves from the net income for the years 1983 to 1987, while a capital increase effected by the Parent Bank in early 1986 produced an additional DM900m. In 1985, we placed DM425m of profit-sharing certificates and raised a further DM18.6m through the issue of shares to our staff in 1985 and 1987.

**Consolidated balance sheet**

Most of the solid growth of the Commerzbank Group was achieved by the members of the Group operating in West Germany and by the Parent Bank itself. However, the latter's foreign branches recorded a volume rise in DM terms equal to that in the Parent Bank's domestic business although the renewed firming of the D-mark led to a reduction of the foreign-currency equivalent of the various balance-sheet items.

While liabilities to other banks grew by DM5.5bn, our claims on banks did so even faster, by DM7.7bn, so that the Group's position as a net interbank creditor improved further from DM1.2bn to DM3.4bn. In our lending to customers, long-term loans recorded the largest increase at DM2.7bn.

**Long-term loans much sought after**

After exceeding the DM100bn mark for the first time in 1986, the Group's total lending reached DM109bn last year, up 6.1% or DM6.3bn. While short and medium-term book credits declined slightly, long-term advances to customers rose sharply by 9.9% to DM30.0bn due to the attractively low interest rates. Long-term mortgage loans were up 7.8% to DM31.7bn. Despite a reduction in the rediscount quotas, we significantly boosted the volume of bills discounted by almost 15% to DM5.8bn.



### Structure of deposits virtually unchanged

At DM153.5bn, the Group's total deposits and borrowed funds showed an overall gain of DM13.2bn. This was the result of a DM5.5bn increase in liabilities to banks, a DM6.4bn advance in customer deposits and a DM1.5bn rise in own bonds outstanding, the latter's volume having reached DM41.8bn at year-end.

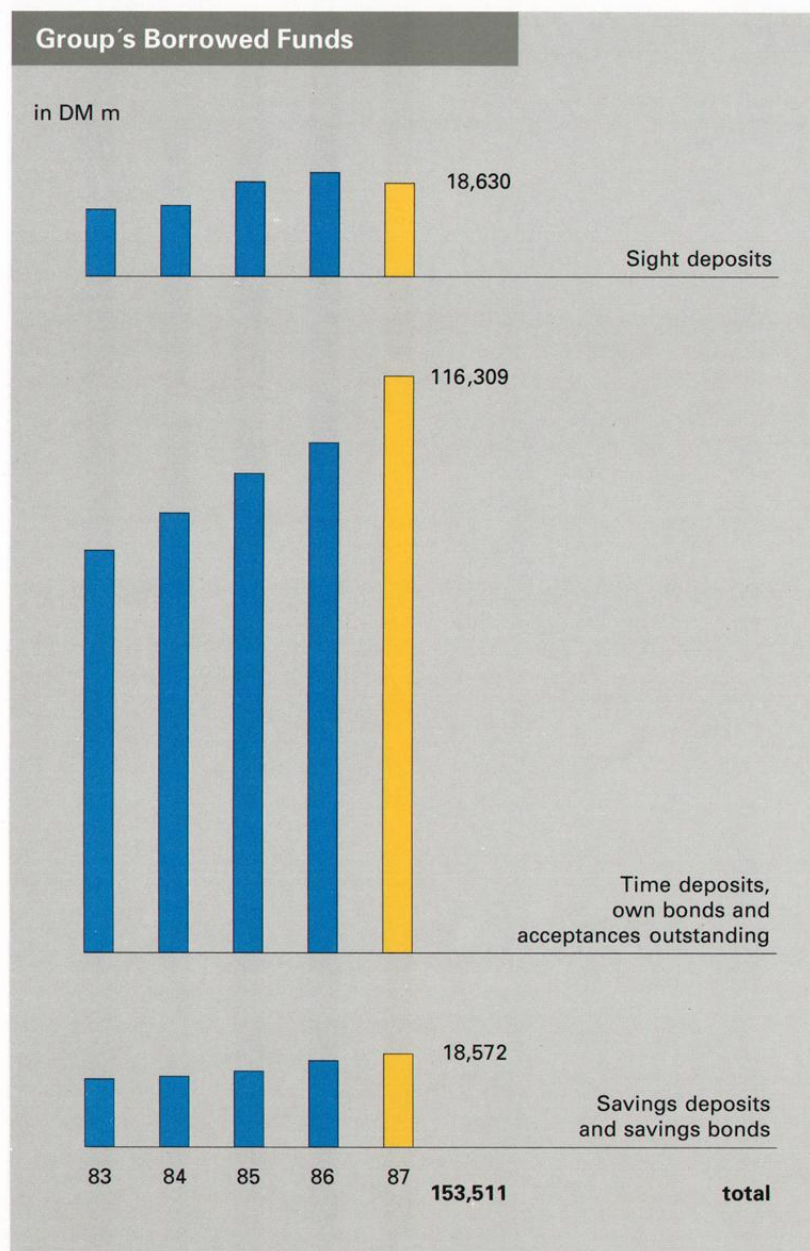
### Asset/liability management

The solid expansion of our long-term lending was made possible by a diversified funding strategy. In the course of the year, the equivalent of almost DM900m was raised by our Curaçao financing arm, Commerzbank Overseas Finance N.V., through the issue of a single DM bond and of others denominated in Australian dollars, sterling and Canadian dollars. Part of the proceeds from these issues served to fund the lending of other members of the Group.

Early last year, we doubled the volume of the commercial paper programme we operate in the US domestic market to US\$1bn. We also continue to offer Euro-commercial paper through our London branch, using the proceeds to provide our foreign outlets outside the US with loan funds.

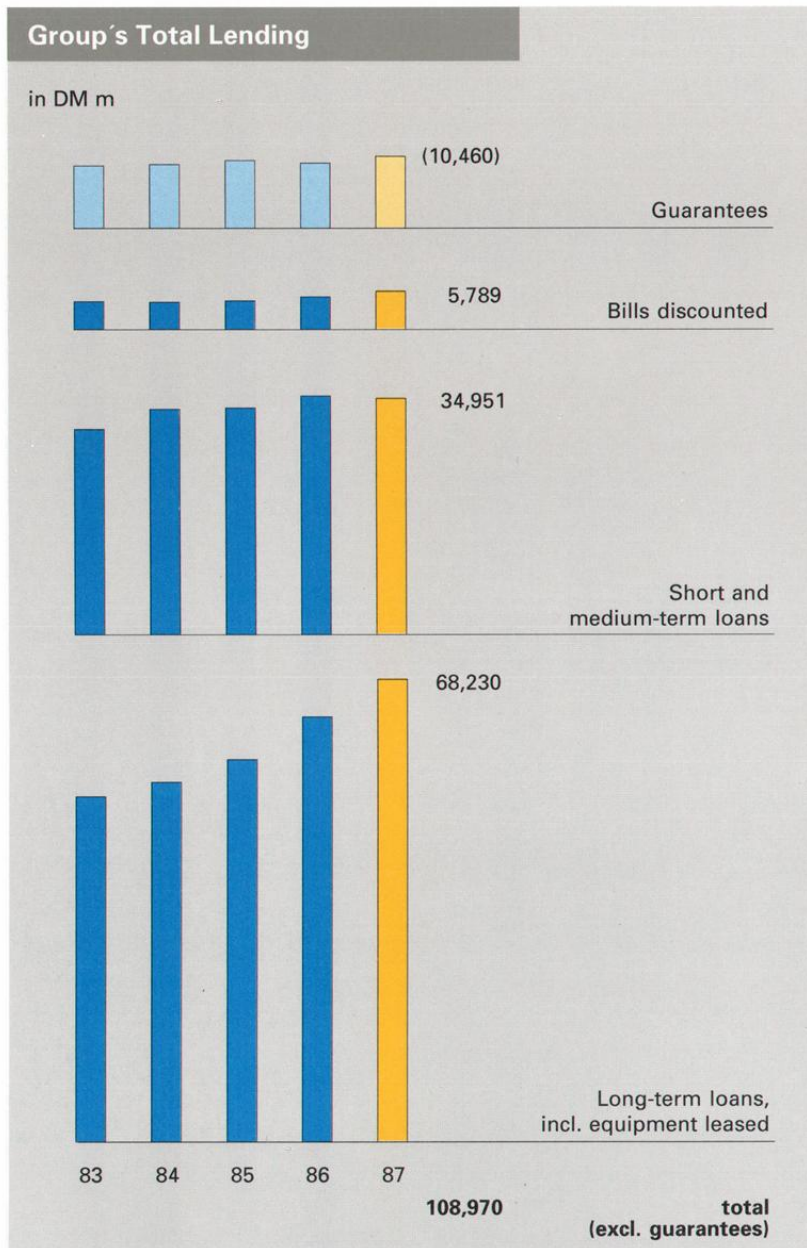
Since it became much more difficult to tap the German and foreign capital markets alike as the year progressed, we fell back on longer-term customer deposits as a source of funds to a greater extent than in previous years. The respective item in the consolidated balance sheet thus rose by almost DM1.3bn, while savings deposits went up by just under DM900m to DM15.1bn.

We were able to limit the risks relating to interest rates by having recourse to such instruments as interest swaps and



caps, the use of which is not reflected in the balance sheet. As the market in this sector has become even broader, our clients have also increasingly turned to such financial innovations for their own liability management.





**International lending and investments**

At the balance sheet date, the overall volume of the Group's foreign assets—i.e. loans outstanding, shorter-term nostro balances maintained and securities held abroad, minus domestic export credit and other guarantees as well as loan loss reserves covering non-domestic risks—stood at DM47.8bn, up from DM46.6bn at end-1986. This expansion, which was achieved despite the weaker dollar, related almost entirely to money-market transactions and

lending in industrialized countries, the latter now accounting for a good 80% of the total.

While the share of state-trading countries rose from just over 4% to 4.5%, there was a decline in both percentage and absolute terms in our claims against the Opec states and the non-oil developing countries, from close on 4% to a good 3%, and from slightly over to a little under 12%, respectively.

Further additions to loan loss reserves resulted in the ratio of loans covered by risk provisions improving once again. Unfortunately, we have to accept that the indebtedness of many developing countries, particularly in Latin America, remains a central problem for the world economy. Despite isolated successes in 1987, there is still no sign of any comprehensive improvement in the foreign trade position of the debtor nations.

**Global investment banking**

With the opening of the Tokyo branch of Commerz Securities (Japan) Co. Ltd. on June 1, 1987 and of Commerzbank Capital Markets Corporation in New York on March 1, 1988, through a spin-off involving the Euro-Partners Securities Corporation, our investment banking network is now global in its scope. Apart from in these centres, our worldwide activities in this field are concentrated in London, Luxembourg, Zurich, Geneva and Singapore.

Our acquisition of a 5% stake in Cholet Dupont, the third-largest French brokerage firm, should also be seen as part of our international strategy in the securities sector. It was made possible for us by our Paris partner bank, Crédit Lyonnais, which itself became a 40% shareholder in the company. We view our move as an opportunity to secure for ourselves acknowledged know-how and research capability as regards the attractive French market.



### Consolidated balance sheet: changes on the year

Assets	in DM m	Liabilities	in DM m
Cash reserves, cheques, and collection items	+ 108	Liabilities to banks	+ 5,462
Bills of exchange	+ 1,184	a) demand	(- 1,300)
Claims on banks	+ 7,664	b) time	(+ 6,762)
a) demand	(+ 28)	Customers' deposits	+ 6,416
b) time	(+ 7,636)	a) demand	(- 495)
Treasury bills	- 568	b) time	(+ 6,014)
Bonds, notes, other securities (incl. issued by Group members)	+ 782	c) savings deposits	(+ 897)
Loans and advances to customers	+ 3,928	Bonds outstanding	+ 1,457
a) less than four years	(- 469)	Acceptances outstanding	- 152
b) four years or more	(+ 4,397)	Provisions	+ 134
Investments	- 31	Capital and reserves	+ 72
Land and buildings, office furniture and equipment	+ 138	Reserve arising from consolidation, in accordance with Section 331 (1) 3 of the German Stock Corporation Act (AktG)*	+ 84
Leasing equipment	+ 298	Minority interests	- 8
Sundries (including loans on a trust basis)	+ 78	Consolidated profit	+ 37
Total assets	+13,581	Sundries (including loans on a trust basis)	+ 79
		Total liabilities	+13,581

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

At the end of 1986, we set up Commerz International Capital Management GmbH in Frankfurt to serve foreign institutional investors. Since it was recognized in mid-June 1987 as an investment adviser by the US Securities and Exchange Commission, the company can also provide portfolio management services for institutional investors from the United States.

#### Cooperating to round off product range

To be able to offer an up-to-date and comprehensive product range, we are constantly extending the many financial and advisory services we engage in as an all-purpose or universal bank. Yet, under present circumstances, it is not our aim for the Commerzbank Group to adopt the much-discussed all-inclusive financial services approach—combining insurance, the provision of home loans and traditional banking—since we consider cooperation with established home loan associa-

tions and insurance companies to be a more successful way of offering our customers an all-round financial service package. Our experience hitherto with cooperation agreements has been uniformly good, and we shall continue to pursue this course.

Similarly, we believe that a strategy of cooperation is the right way to meet the challenge that will arise after 1992 with the creation of an integrated European domestic market. Indeed, we see potential for even closer cooperation within the Europartners group of banks, of which we have been a member since its inception in 1970.



**Domestic and foreign banks**

<p>RHEINHYP Rheinische Hypothekenbank AG Frankfurt</p> <p>Capital DM732.4m 95.6%</p>	<p>Berliner Commerzbank AG West Berlin</p> <p>Capital DM284.0m 100.0%</p>	<p>Commerz-Credit-Bank AG Europartner Saarbrücken</p> <p>Capital DM48.0m 65.0%</p>
<p>Commerzbank International S.A. Luxembourg</p> <p>Capital DM378.4m 100.0%</p>	<p>Commerzbank (Nederland) N.V. Amsterdam</p> <p>Capital Dfl62.7m 100.0%</p>	<p>Commerzbank (Switzerland) Ltd Zurich</p> <p>Capital Sfr27.7m 100.0%</p>
<p>Commerzbank (South East Asia) Ltd. Singapore</p> <p>Capital S\$67.4m 100.0%</p>	<p>Commerzbank Capital Markets Corporation New York</p> <p>Capital US\$10.0m 100.0%</p>	<p>Commerz Securities (Japan) Co. Ltd. Hong Kong/Tokyo</p> <p>Capital HK\$152.8m 50.0%</p>
<p>Banco Hispano Americano S.A. Madrid</p> <p>Capital ptas142.32bn 10.0%</p>	<p>Korea International Merchant Bank Seoul</p> <p>Capital won16,074m 20.0%</p>	<p>UBAE Arab German Bank S.A. Luxembourg/Frankfurt</p> <p>Capital DM54.0m<sup>1)</sup><sup>2)</sup> 25.1%</p>

**Foreign financing companies**

<p>CB Finance Company B.V. Amsterdam</p> <p>Capital Dfl1.1m 100.0%</p>	<p>Commerzbank Overseas Finance N.V. Curaçao</p> <p>Capital DM0.2m 100.0%</p>	<p>Commerzbank U.S. Finance, Inc. Wilmington/Delaware</p> <p>Capital US\$0.01m 100.0%</p>
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Capital = equity capital  
<sup>1)</sup> as of Dec. 31, 1986.  
<sup>2)</sup> share capital raised by DM20m in 1987.

### Asset management companies

ADIG Allgemeine  
Deutsche Investment-  
Gesellschaft mbH  
Munich/Frankfurt

Capital  
DM20.1m  
29.2%

Commerzbank Investment  
Management GmbH  
Frankfurt

Capital  
DM6.0m  
100.0%

Commerz International  
Capital Management  
GmbH  
Frankfurt

Capital  
DM10.0m  
100.0%

Deutsche Grundbesitz-  
Anlagegesellschaft m.b.H.  
Frankfurt

Capital  
DM3.4m  
25.0%

Deutsche Grundbesitz-  
Investmentgesellschaft  
mbH  
Frankfurt

Capital  
DM19.2m  
25.0%

### Leasing companies

Commerz- und Industrie-  
Leasing GmbH  
Frankfurt

Capital  
DM10.2m  
100.0%

Deutsche Immobilien  
Leasing GmbH  
Düsseldorf

Capital  
DM36.3m<sup>1)</sup>  
50.0%

### Holding companies

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

Capital  
DM0.3m  
100.0%

Commerz Unternehmens-  
beteiligungs-AG  
Frankfurt

Capital  
DM19.9m  
50.0%

„Neu Europa“ Hitec & Bio-  
tec Gesellschaft für Inno-  
vationen Verwaltungs-  
GmbH, Berlin

Capital  
DM7.7m  
13.1%



## International activities

With the underlying conditions for West Germany's external trade having become difficult, assisting German companies with the financing and handling of their exports and imports remained a central pillar of our business in 1987 as well. The key elements for our success in this field were the performance of our employees, both at home and abroad, and the sophistication of the banking technology we employ in cross-border transactions. In our opinion, a particular strength of ours is the fact that we offer a comprehensive range of products for international operations—in which our subsidiaries and affiliates are closely involved. Despite keener competition, therefore, we managed to maintain our market share in West Germany's foreign trade. Moreover, our non-domestic activities have continued to be a decisive factor for our overall performance.

Our strong external-trade position is also explained by the fact that one focal point of our operations is Europe. Indeed, more than half of the Bank's cross-border business is with our Western European neighbours. These links were further reinforced last year as well, particularly with EEC countries.

The unified European internal market, to be realized by end-1992, will remove the remaining barriers to trade and hence, result in a mounting flow of goods and services within Europe. We are intensively preparing for this and believe that the established cooperation between the member banks of the Europartners group represents a special competitive advantage in facing the challenges involved. Our participation in the Ecu clearing banks' club should also be seen in this connection.

The economic development of the Pacific Rim countries enabled us considerably to expand our operations there, and we think that this region holds further promising growth potential in the longer term as well.

Particularly in North America, the competitiveness of suppliers from West Germany has been impaired by the rise of the D-mark, with a significant decline in German exports the inevitable result. Yet the dynamism of the US financial markets and the sustained process of economic concentration in the country meant that, thanks to brisk credit demand—also for major financial packages—we were able to register encouraging gains in local business.

The state-trading countries persisted in their efforts to achieve economic consolidation. In September, we concluded an agreement with the two leading Soviet state banks intended to facilitate the establishment of German-Soviet joint ventures. In the developing countries, our new business continued to re-

Singapore—South East Asia's financial centre.





cede, while in the Opec region, a marginal recovery emerged as the year progressed—which we take as a sign that the worst is now over there.

Despite smaller declines, Latin America—the region hardest hit by rescheduling problems—retained its importance as a market for German exports, whereas German purchases from there were down sharply. We are trying to maintain short-term commercial transactions with the heavily indebted countries, both to retain traditional outlets for German goods and to enable the debtor nations to import urgently needed primary products and spare parts. This, in turn, is essential if they are to lift their exports, and thus improve their ability to service their debts.

Documentary business plays a major role in foreign trade with all developing and newly industrialized countries. In this connection, our advisory services were required for numerous points of detail.

We closely observed the as yet unresolved debt situation in many developing nations. In some cases, we are directly involved in the rescheduling negotiations. We continue to set great store by the willingness of the debtor states to cooperate. Unilateral payment freezes or restrictions offer no solution at all; they merely exacerbate the situation.

However, by following a consistent, market-oriented policy of readjustment, these nations can regain access to the international capital markets. This is shown by the example of Turkey, which was wrestling with a debt crisis in the sixties; recently, it has—not least with our assistance—been able to have recourse to the international capital market for the first time since the establishment of the Turkish Republic, in the form of two bond issues floated by its central bank.

Cooperation with other banks was further intensified, particularly with our correspondent banks throughout the world. One illustration of this is the new record we registered in transfers executed via the SWIFT (Society for Worldwide Interbank Financial Telecommunication) system. Overall, our commission income from non-domestic activities rose slightly in 1987, following two years of stagnation.

To keep our customers informed, current information on both external trade and business trends abroad is monitored at head office and regularly passed on to all of our domestic branches and foreign bases. Periodical publications and special leaflets on individual countries are also made available. In addition, lectures and forums are organized with our country specialists to help meet the great demand for information on the part of our clients. This supplements the often extremely complex advisory services our customers have come to expect from us to assist them with their foreign operations and trade. It is our goal to offer them tailor-made solutions reflecting the particular problems of each individual case.



Our Tokyo branch.



**Our international organization**

Through almost forty outlets, Commerzbank's presence today extends to some thirty countries. The staff at our foreign subsidiaries, branches, and representative offices or on secondment with banking affiliates provide services for both German firms active abroad and multinational companies. In mid-October, we opened a representative office in Istanbul to enable us to respond more effectively to the closer links between Turkey and Western Europe. As business becomes more international and markets more integrated, our operative bases abroad are increasingly assuming the character of resident banks, with their local activities growing ever more important.

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

<sup>1)</sup> Commerzbank (Nederland) N.V.;  
<sup>2)</sup> Commerzbank International S.A.;

<sup>3)</sup> Commerzbank (South East Asia) Ltd.;  
<sup>4)</sup> Commerzbank (Switzerland) Ltd.

**Foreign subsidiaries and affiliates**

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

Commerzbank International S.A.,  
 Luxembourg,  
 Commerzbank (Nederland) N.V.,  
 Amsterdam,  
 Commerzbank (South East Asia) Ltd.,  
 Singapore,  
 Commerzbank (Switzerland) Ltd,  
 Zurich,

in our Consolidated Annual Report (cf. pages 71 to 97 of this Report).

The capital of UBAE Arab German Bank S.A. Luxembourg/Frankfurt, in which we have a 25.1% interest, was augmented by DM20m to DM50m in 1987. The bank's equity base was further strengthened through subordinated loans which totalled DM30m. Its earnings position enabled UBAE, after an adequate allocation to its loan loss reserves, to pay an 8% dividend. It managed once again to expand its share in the handling of West German trade with the Middle East.

Since 1979, we have been operating in the South Korean market through Korea International Merchant Bank (KIMB) in Seoul, in which we are a 20% shareholder. The bank once again boosted both its total assets and its earnings—by roughly 10%—in the first nine months of its current financial year (April 1, 1987 to March 31, 1988). Its leasing business was particularly successful, rising by some 37%, but its commission income also advanced further, reflecting the bank's strong involvement as a manager and underwriter of numerous won-denominated bond issues by domestic and international borrowers. Total lending in the local as well as in foreign currencies stagnated owing to official restrictions aimed at defending price stability in the face of the heavy inflow of funds from abroad due to substantially higher export earnings.

The international presence of the four members of the Euro-partners group—Banco di Roma, Banco Hispano Americano, Commerzbank and Crédit Lyonnais—is shown on the maps on page 112 ff. The activities of their former jointly-owned New York subsidiary, EuroPartners Securities Corporation, are outlined on page 43, and those of Commerz-Credit-Bank Aktiengesellschaft Europartner of Saarbrücken, in which Commerzbank and Crédit Lyonnais are joint shareholders, are reported on page 71.





Forex dealing at Commerzbank: 17 teams operating worldwide.

### Successful forex trading

The fluctuations of the US dollar and renewed speculation about parity realignments within the EMS resulted in strong demand for currency hedging from those of our customers involved in external trade. In West Germany, they can directly avail themselves of the services of our efficient trading teams in Frankfurt, Düsseldorf, Hamburg and Munich. These are exclusively concerned with companies' specific currency needs. Like our own-account dealing units, they form part of our worldwide forex trading network extending to all the major financial centres. In February 1987, it was expanded through a forex desk at our Los Angeles branch. With a total of 17 dealer teams operating in all time zones, we now offer truly round-the-clock foreign exchange services.

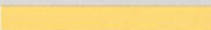
We continue to regard the market positions we have established in both a number of currencies not officially quoted and in the handling of longer-term forward transactions as our special strength.

Our forex trading teams comprise two groups of dealers who, while handling either our own-account transactions or those on behalf of our corporate customers, share the same premises. This arrangement has again proved its worth in that the latter group can directly follow the arbitrage operations their colleagues effect for the Bank, enabling them at any time to keep abreast of the latest market trends and, therefore, to quote prices clearly reflecting these.

For several years now, we have been increasingly successful in offering our customers currency options. Especially at times of erratic exchange-rate fluctuations, these not only provide forward cover but can also extend the opportunity for extra

gains. With interest rates extremely volatile, our corporate clients have also made growing use of the interest caps and swaps we have offered them over the past two years as hedging instruments against the risks posed by interest-rate movements.





## **Commerzbank—an international stock**

It is now 25 years since Commerzbank's shares were first listed abroad, on the London Stock Exchange, and today they are traded on a total of thirteen foreign bourses. No other German share, whether financial or industrial, has such a high non-domestic stock exchange profile abroad. In several countries, Commerzbank also pioneered the bourse introduction of German companies and, except in the case of Tokyo, it was the first among the Big Three German banks to take this step for itself.

At Commerzbank we regard the quotation of our Bank on foreign stock exchanges as a practical contribution to the worldwide integration of the financial markets. Nor is it a one-way street as far as we are concerned, since we have long endeavoured to bring as many foreign companies as possible to German exchanges.



**London  
Stock Exchange**



**Bourse de Paris**







### **German bourses attract companies from abroad**

Our efforts have met with considerable success, for over the past 20 years we have assisted more than 40 foreign companies to obtain a German bourse listing. Among them were such well-known names as Coca-Cola, Kubota of Japan, which is one of the world's major manufacturers of agricultural machinery, Britain's engineering giant GKN, Petrofina of Belgium, Norway's industrial leader Norsk Hydro and, as the first-ever Danish equities to be listed in Germany, Copenhagen Handelsbank and Hafnia Invest.

West Germany's stock exchanges apparently have a stronger attraction for foreign companies than do their counterparts abroad for German firms. At present no fewer than 205 foreign equities are officially traded on German bourses, as against a mere 35 German stocks quoted abroad. Together with the fact that the total number of listed German companies is just over 500, this illustrates the generally greater reluctance among German firms to float their shares. Only in recent years has a welcome change been registered.

### **Listing promotes image and broadens funding base**

A bourse introduction is often preceded by years of intensive persuasion efforts on the part of the banks. While last autumn's stock exchange slump certainly made such endeavours more difficult, it should not prove a lasting impediment—because going public not only helps a firm significantly to broaden its funding base, and hence more easily to procure equity capital, but frequently make the latter possible in the first place.



A quotation on the stock exchange is also an excellent way of promoting a company's image. Regular reporting in the media can give a substantial boost to its familiarity—at least as effectively as traditional advertising campaigns. This may be especially true abroad where, for reasons of language and mentality, promoting a particular brand name can often be a difficult task.

### **Commerzbank's shares: listed in Tokyo since 1986,...**

The latest foreign listing of Commerzbank's shares—on the Tokyo stock exchange at the beginning of October 1986—was motivated equally by the desire for a more distinct profile in the Far East and the wish to extend the Bank's funding base. The welcome addition of shareholders from that region, previously too few in number, at the same time greatly eased our entry into the investment banking field in Japan. But our move was also prompted by the desire to take account of Japan's rapidly increasing importance in international finance.

### **... but in London since 1962**

Tokyo is the last stage to date of a course on which Commerzbank embarked back in January 1962 when it had its shares introduced on the London Stock Exchange. Our London listing put us among the German post-war pioneers, for only four other companies from our country had obtained one before us.

Commerzbank had actually sought a simultaneous quotation in Paris, but the French authorities were in no hurry to issue the necessary authorization; in fact, it was not until almost a decade later, in March 1971, that Commerzbank was added to the official list of the Paris bourse—with the assistance of our French partner bank, Crédit Lyonnais, with which we have cooperated in



the Europartners group since October 1970. The then French Minister of Finance, Valéry Giscard d'Estaing, declared "we congratulate ourselves on the introduction of the Commerzbank share", emphasizing that he thought it helped enhance the international status of Paris as a financial centre.

Whereas in France, the listing of the first German bank share still proved a complicated and time-consuming process, it went quickly and smoothly in Austria. In May 1972, within three months of applying, we became the first major foreign bank to be quoted on the Vienna stock exchange. The Austrian press hailed this event as a "milestone on the road to Vienna becoming a financial centre".

#### **1973/74: Benelux and Swiss listings**

In the two years that followed, the Commerzbank share was admitted for official trading in Belgium, Switzerland, Luxembourg and the Netherlands. The main purpose of obtaining a listing in Brussels and Antwerp in October 1973 was to underline the close economic links between the Federal Republic and Belgium's business centres; but it also reflected our desire to endorse the weight of Brussels within Europe. The same applied in the case of Luxembourg, where our share was the first German stock to be introduced, in January 1974.

Shortly before that, in December 1973, Commerzbank's shares had been admitted for official trading on the five major Swiss stock exchanges in Basle, Berne, Geneva, Lausanne and Zurich. In this instance, our objective was to make our paper directly accessible in the liberal, international and investor-friendly financial centre that is Switzerland.

The European round was concluded for the time being in the Netherlands, following the listing of our share on the Amsterdam stock exchange in July 1974—a move that was almost overdue given the high degree of integration of the German and Dutch economies. Since then, only very few blank spots have been left for Commerzbank on the stock-exchange map of Europe.

Overseas, however, the world's most important financial centre, Wall Street, still represents an out-of-bounds area for German companies: the requirements for a quotation on the New York Stock Exchange are tailored so strongly to American conditions that such a step has simply proved an impossible exercise up to now.

#### **Over a quarter of our share capital held abroad**

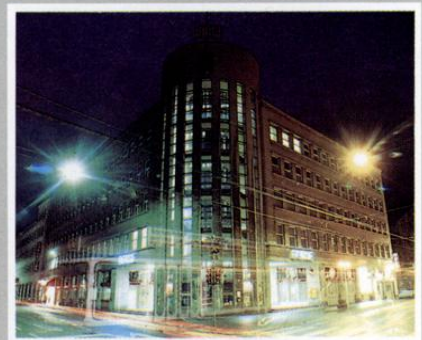
Otherwise, though, the Commerzbank share is now firmly established as an internationally traded stock featuring in the investment decisions of private and institutional investors alike, as is demonstrated by both the number and geographical distribution of our shareholders: these total over 160,000 today, with more than a quarter of our share capital held abroad. We welcome this globalization—just as we do that of the financial markets—and, on a selective basis, we shall continue on this path in the future as well.







**Tokyo  
Stock Exchange**



**Zurich  
Stock Exchange**



## Rund um die Börse 1987



### Aktienmarkt

Deutsche Aktien an Auslandsbörsen*)								
	Amsterdam	Brüssel	London	Luxemburg	Paris	Schweiz <sup>2)</sup>	Tokio	Wien
AEG					X	XX		X
Allianz AG Holding						XXXX		X
ASKO	X		X	X	X	XXXX		X
BASF	X		X	X		XXXX		X
Bayer						XXXX		X
Bayer. Hyp- u. W-Bank						XXXX <sup>2)</sup>	X	X
Bayer. Vereinsbank						XXXX		X
BHF Bank	X				X	XXXX		X
Bert. Kraft u. Licht		X				XXXX		X
BMW	X		X	X		XXXX		X
Commerzbank				X		XXXX		X
Continental						XXXX		X
Dahlbusch						XXXX		X
Daimler-Benz						XXXX	X	X
Degussa			X	X	X	XXXX	X	X
Deutsche Babcock			X	X		XXX		X
Deutsche Bank			X	X				X
Dresdner Bank			X	X				X
Hoechst				X		XX		X
Kaufhof						XXX		X
KHD						XXXX		X
Kraft. Rheinfelden						XXXX		X
Linde						XXX		X
MAN						XXXX		X
Mannesmann						XXXX		X
Mercedes						XXXX		X
Nixdorf			X		X	X		X
RWE				X		XXX		X
Schering			X		X	XXXX		X
Siemens						XXXX		X
Thyssen			X			XXX		X
VEBA				X		XXX		X
VEW			X	X		XXX		X
Volkswagen						XXX		X
Wella						XXX		X

bezüglich Bilanz...  
 rken für deutsche...  
 ein Hemmschuh...  
 ern, wenn die Zulass...  
 für nicht-amerika...  
 erleichtert werden...  
 statt der Pflicht zur...  
 Quartalsberichten die...  
 plizitätsbestimmungen...  
 atlantes erlaubt wird.

ausländischen Börsen...  
 eine Reihe von Vorteilen...  
 ren Zugang zu ausländ...  
 oder eine Erhöhung des...  
 ds. Darüber hinaus ist es...  
 r in der Regel kostengünst...  
 he Aktien im eigenen Land...  
 innen, zumal auf diese Weise...  
 resser zu diversifizieren sind.

### ausländische Aktien an Börsen

sende internationale Bedeutung...  
 schen Aktienmarkts verdeutlichen...  
 : zahlreichen Einführungen ausländ...  
 Aktiengesellschaften. Von Januar...  
 vember 1987 wurden 22 Auslands...  
 neu in den amtlichen Handel auf...  
 mmen - mehr als jemals zuvor in den...  
 ziger Jahren. Im einzelnen handelte es...  
 n um folgende Werte:

aus den USA: Allied-Signal (Technologie),  
 Bell Atlantic (Telefongesellschaft), CPS  
 (Nahrungsmittelproduzent) und als Auf...  
 steiger aus dem geregelten Freiverkehr  
 ARICO (Immobilien), Hill (Energie- und  
 Misch-

\*) Amtliche Notierungen; <sup>2)</sup> Zürich, Basel, Genf und Lausanne; <sup>3)</sup> Notierung auch in Bern.



## Serving our business customers

We have successfully reinforced our position in German wholesale banking by pursuing a market-oriented business policy and by offering advisory services and products targeted at customer needs, including the special facilities available at our domestic and foreign subsidiaries. Our Bank's strategy of largely decentralizing responsibilities and speeding up decision-making by delegating authority while centrally steering both the general course of business and product development has definitely proved its worth.

Given the low level of interest rates, companies' demand for finance again focused on long-term loans in 1987, whereas short-term credits at floating rates were less sought than in the previous year. It was possible, however, to make up for this decline by intensified marketing of our various standardized short-term loans. In our lending to corporate customers, we passed on in full the further drop in interest rates during the year under review.

Despite the fact that the aggregate amount of bills discounted by the German banks decreased after their rediscount quotas with the Bundesbank had been cut, we continued to serve our clients with unreduced discount lending at competitive rates. At end-1987, therefore, our domestic bill portfolio at almost DM5.5bn even significantly exceeded its year-ago level.

For several years now, the new business in short-term Euro-credits extended to German non-bank customers by both the foreign branches and the Luxembourg subsidiaries of German banks has tended to shrink. Moreover, borrowers have been taking advantage of lower interest-rate levels by refinancing their debt through funds taken up at longer terms and at fixed rates.

## Corporate lending

With overall demand for long-term loans stronger in 1987, our corporate lending went on expanding. Growth was primarily achieved through our special credit scheme for small and medium-sized companies, the total outstanding showing a 30% year-on-year rise.

Lending under programmes devised jointly with our mortgage bank subsidiary RHEINHYP developed favourably in 1987 as well. In addition to the successful "Real-Darlehen" loan type, serving to finance commercial premises for rental, a slightly different variety—to finance non-rental business property—was launched under the name of "Firmen-Darlehen". In the short period since its introduction, this long-term, fixed-rate, relatively low-cost means of financing made available against real estate collateral has already generated a respectable amount of lending.

## Government-funded loans

Thanks to intensified counseling on our part as regards partly or wholly government-subsidized loan funds, the aggregate volume of such credits for which we acted as primary obligor has grown once again, by a double-digit rate. More than 60% of the overall funds were provided by Kreditanstalt für Wiederaufbau (Reconstruction Loan Corporation) as the original lender.

In the current year, we are stepping up our efforts to co-finance environmental protection measures. More rigorous official standards and mounting awareness of environmental problems require companies to invest heavily in this area. To this end, we offer not only an excellent selection of financing options tailored to each specific case, but also our assistance in applying for government funds and subsidies. Moreover, we support projects serving to pro-



## Lending to domestic private and business customers

	31-12-1987	31-12-1986
Energy and mining	1.2%	1.4%
Chemical and oil refining industries	2.3%	2.0%
Plastics and rubber production, non-metallic minerals, fine ceramics and glass	2.2%	2.2%
Metal production and processing, steel construction, mechanical engineering, automotive industry, office equipment and EDP	9.3%	10.2%
Electrical and precision engineering, optical products, metal manufacturing, musical instruments, sports equipment, jewelry	7.1%	7.2%
Wood, paper, and printing	2.9%	2.7%
Textiles, clothing, shoe and leather industries	2.4%	2.5%
Food, drink, and tobacco	2.4%	2.7%
Building and civil engineering	2.9%	2.9%
Industry, overall	32.7%	33.8%
Commerce	12.1%	11.2%
Transport and communications	3.0%	3.5%
Other services, including the professions	22.6%	21.8%
Individual customers other than self-employed	29.6%	29.7%
	100.0%	100.0%

mote environmental protection in that we offer, from our own resources, a specific loan scheme for these purposes. Called "CBM-Umwelt", it has been designed to meet the needs of small and medium-sized firms and comes with particularly favourable terms.

The volume of our domestic guarantees rose sharply in 1987, while those under foreign commitments continued to decline, reflecting both the dollar slump and flagging activity in the field of large plant construction. Overall, guarantees were up 9.2%, thus exceeding the DM10bn mark.

### Financial innovations

Far from offering financial innovations only to major companies, we also customize them for small and medium-sized firms. This special range comprises three key products: one is a capped loan with a maximum life of ten years, designed specifically for our small-business customers who, against payment of a premium, can

take advantage of the present low interest rates by agreeing interest-rate ceilings with us to protect themselves against future rate increases. This capped credit has been well received by our customers since its introduction.

For smaller and large companies alike, we also offer pure cap agreements against payment of a premium which, without necessarily being tied to a simultaneous credit drawing, similarly provide for an upper interest rate limit; the resulting flexibility is in line with customers' interests. Our product range in this sector is supplemented by interest swap agreements that permit the swapping of interest liabilities—for example, floating-rate against fixed-interest payments.



Complementing our bank lending operations as such, we are also very active in the area of leasing. Through Commerz- und Industrie-Leasing GmbH (CIL), we are involved in the leasing of moveable goods; this subsidiary was able to boost its results again last year thanks to an expansion of its new business. Deutsche Immobilien Leasing GmbH (DIL) which we operate jointly with Deutsche Bank, is engaged in real estate leasing. It also achieved further earnings growth on the basis of satisfying new business.

#### **More expansion in foreign commercial business**

While the volume of West Germany's foreign trade was up in 1987, total export sales hardly exceeded their year-ago level owing to both price and exchange-rate movements; import values actually recorded another decline. Exports, responding to the changes in the global currency pattern, concentrated more and more on Western Europe with its comparatively stable exchange rates. Despite the adverse underlying trend, our Bank succeeded in raising its earnings from the handling of the payments involved. For one thing, we have applied the latest technological know-how in order to simplify cross-border payments transactions considerably. For another, we were able to relieve our customers of the risks attaching to their export claims by markedly increasing our à-forfait purchases of such claims and also by substantially augmenting the number of export letters of credit we accepted and confirmed. In addition, we stepped up our activities as regards the handling of import letters of credit.

#### **Medium and long-term export finance**

To an ever greater extent, demand for capital goods is coming from Western industrial nations. Yet medium and long-term finance has also traditionally been required to meet orders from the state-trading nations, Opec members, and other developing countries. We managed to hold our position well in this stagnating market, particularly as the low level of domestic interest rates helped us to support the efforts of German exporters with competitive offers.

New business in this sector rose again significantly in 1987 thanks above all to several major projects. Additional impetus was provided by block credit agreements, such as those concluded with East Germany and the USSR. The many cases of export finance currently being negotiated indicate that German capital goods remain much sought after by importers abroad. We have been able to satisfy credit demand in this area through greater sophistication in terms of both financing instruments and the provision of Hermes (the German export credit insurance scheme) cover. Our foreign outlets also had recourse to the export finance schemes offered by other countries.

#### **Electronic banking**

The growing use of personal computers, particularly by small and medium-sized companies, has resulted in increasing demand for electronic banking services. We have responded by systematically extending our product range in this field.

Since mid-1987, therefore, we have been offering a PC software package called COPAZ for facilitating cross-border payments transactions. For users, it brings major advantages over manual procedures, as regards





At home, our Bank is now equipped with more than 9,500 display screens and some 5,000 printers.

both the handling within the company and clean payment through the bank, including the electronic generation of the special form required as notification for the German central bank system. A similar package called COPIZ, for the smoother handling of domestic payments, also extends to customers substantial benefits in terms of rationalization. The encouraging sales figures for these two products confirm that by systematically enlarging the scope of our services in electronic banking we are meeting our clients' needs.

In cooperation with four other major German banks, we have since June 1987 been offering an international cash management system, WORLDCASH, to companies operating on a global scale. Its counterpart at the domestic level, COBIS, a videotext-based information system designed to help small and medium-sized firms with their cash management, has also been well received.

We will continue to devote special attention to customer-oriented electronic banking services. Our aim is to develop the appropriate software packages for our clients so as to rationalize their payments transactions and improve access to information for companies' financial management. In February 1988, we published a manual on electronic banking ("Handbuch Electronic Banking"). Firms interested in this field will find an easy-to-understand overview of the potential applications for electronic banking, the main information systems and data sources available, and software packages tailored to effect transactions through data medium exchange.



Our videotext service offers customers information and enables them to effect financial transactions.





## Serving our private customers

One of our top priorities continues to be expanding our retail banking operations, which in recent years have become a major pillar of our domestic business. In the future, it will be even more important for our advisory services to address the specific needs of clients, taking into consideration their age and social background. In the year under review, we successfully strengthened our market position on both the deposits and the lending side. The number of our private customers grew faster than in the preceding year, rising by almost 4% to 2.4 million.

We adhered to our policy of assigning special staff to serve children and young people. At end-1987, 287,000 of our customers were under 18, a rise of 2% on the previous year despite the general shrinking of this age group. Our Bank's magazine for young people—called "YELLOW" to reflect our traditional corporate colour—has been well received; it highlights the expertise we have in this market segment as well.

### More exacting demands on quality of counselling

We anticipate that the demands on our advisory services will become ever more sophisticated.

For many of our clients, investment has grown increasingly significant, as, for the first time in several generations, they have been able to build up larger private holdings of assets. The various objectives pursued—which may either be to secure extra income for their own retirement, or to provide for their dependents or heirs—make it necessary to offer alternative investment schemes that differ in terms of yield, flexibility and risk. Increasingly, our customers are tending to look beyond their national borders as well in this respect.

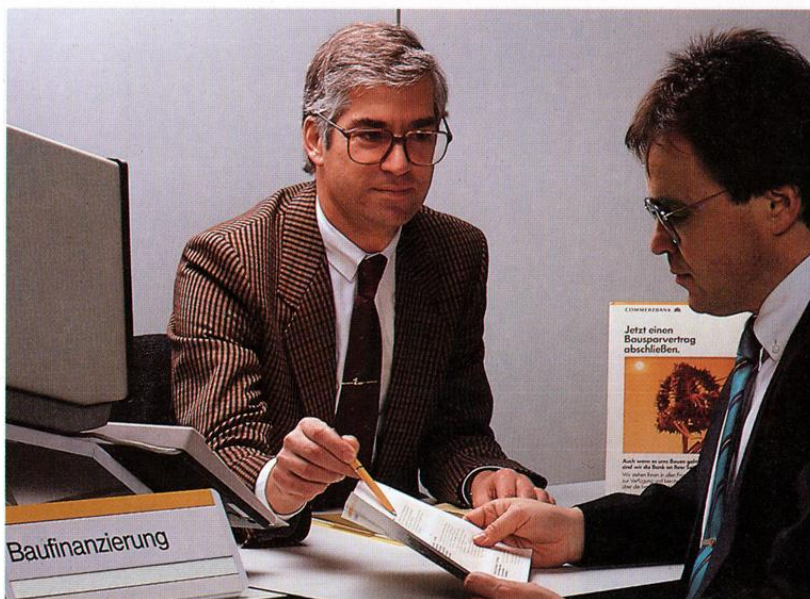
Special effort has gone into the promotion of our savings schemes designed to provide for future needs. Indeed, regular contractual payments into savings accounts under such plans in 1987 contributed an aggregate DM500m to overall savings. In cooperation with our investment fund affiliate, ADIG, we also offer securities-based savings schemes. Yet another variety, in which the final amount accumulated is gradually tapped so as to produce additional retirement income, can be either built up through deposits or based on securities.

### Further rise in savings deposits

Total deposits of domestic private customers (demand, time and savings deposits plus registered savings bonds) rose by DM1.4bn in 1987, or 6.7%, to DM21.7bn, corresponding to 52% (end-1986: 53%) of all domestic non-bank liabilities. This involved an increase of 6% to DM13.8bn in savings deposits and one of 6.4% to DM3bn in the other types of savings just mentioned with periods of notice, or an original life, of two to eight years.

The savings plans we offer run from two to 25 years. At end-1987, there were 570,000 contracts under such programmes that covered a final sum to be saved of almost DM4bn. The

For the Group, the volume of home loans outstanding went up 8.8% to roughly DM26bn.





targets agreed under long-term contracts can be secured by term life insurance.

**Retail lending remained buoyant**

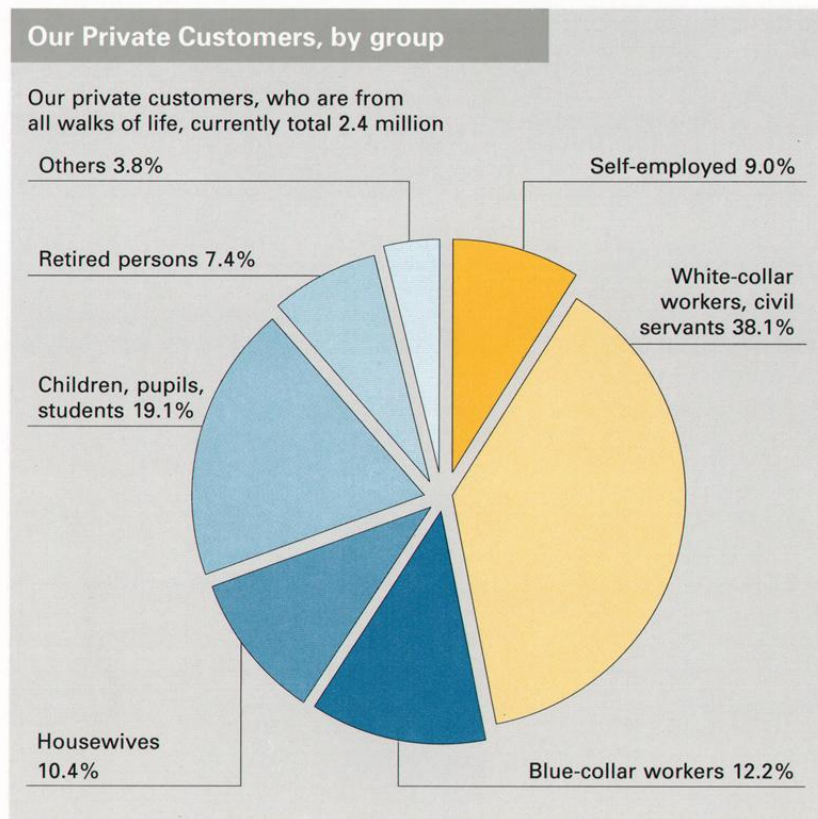
Aggregate retail lending, including building finance, rose by DM1.3bn, or 8.1%, to DM17.5bn in 1987; this represented 46% (44% at end-1986) of our overall credit business with domestic customers.

A particularly welcome feature was the above-average rise—by 13% to DM4.4bn—in the total amount lent under standardized personal loan schemes, which include individual credits of up to DM50,000, finance for the purchase of equipment for medical and dental practices, and advances under the Berlin Promotion Act. Essential for this growth were both lending secured by life insurance and the expansion in untied credits; the volume of the latter more than doubled over the year. Other retail lending went up 7% to DM3.9bn.

**DM6.1bn new home loans pledged by Group**

With the market for building finance becoming ever more crowded and hence, competitive, our specialist counsellors in this field concentrated their efforts on intensifying cooperation with other suppliers. These included not only home loan associations, real estate agents and property developers, but also a number of prominent insurance companies with whom we maintained close links as part of our general strategy of following a cooperative—rather than go-it-alone—course.

New business procured by our own branches matched the 1986 total of DM4.2bn. As in 1986, this figure included some DM1.4bn of mortgage finance passed on for handling to our specialist subsidiary, RHEINHYP. The overall amount of new home loan commitments by the



entire Commerzbank Group rose to DM6.1bn, up from DM5.8bn in 1986, with customers clearly preferring fixed interest rates over longer terms.

Aggregate building loans outstanding within the Group increased by DM2.1bn to DM25.9bn, DM9.2bn (DM8.6bn in 1986) of which represented credits by the Parent Bank. Bad debts remained at a low level.

**Self-service facilities ever more sophisticated**

We again registered high growth rates as regards the recourse of our private customers to the facilities and services we offer them to effect their payments transactions. The number of private accounts run on a low-cost, flat-rate monthly charge basis has climbed 5% and that of the eurocheque guaranty cards issued by 10%. Nationally, the latter are extremely convenient, as eurocheques are accepted virtually everywhere. The operation of electronic devices such as cash



In our retail banking, the use of display screens is becoming ever more important in providing advisory services.



dispensers and account statement printers with the eurocheque card has proved successful and will be extended to electronic points of sale, which will shortly be available outside the current West Berlin and Munich POS test areas. Through the German banking industry's various committees, we are working intensively to further enhance the uses to which the eurocheque card can be put abroad as well. The goal is a card with a broad range of functions internationally.

Our network of cash dispensers is being expanded and will soon, under the respective agreements, also offer cross-border service to customers of foreign banks. The average use made of each machine installed is steadily rising.

**Client counselling supported by advanced technology**

Throughout our entire branch network, transactions are being effected via general purpose equipment. By means of the

latter, our client counsellors can also retrieve centrally-stored information and perform specimen calculations, e.g. for savings plans. Moreover, the handling of routine operations as well as the flow of information are speeded up, so that greater effort can be put into advisory sessions with customers.

We regard the resulting higher quality of client counselling as essential for success in the market for financial services. Both customers and advisers are also increasingly availing themselves of the possibilities offered by "Bildschirmtext", West Germany's videotext service. Yet for our clients, contact with our experts remains crucial. We therefore offer our consultancy staff a streamlined advanced training programme designed to ensure that the commitment to partnership, to which we pledge ourselves in our marketing, is met.



Board of Managing Directors

**Banking Departments**

International Commercial Banking  
and Export Finance

Corporate Customers

Treasury and Foreign Exchange

Investment Banking

Loan Management

Private Customers,  
Home Loans

Securities Business

**Management Services**

Controlling and Planning

General Services and EDP

Personnel

Accounting

Legal Matters and Taxes

Internal Auditing

Economic Research  
and Corporate Communications

**Domestic Branches,  
Subsidiaries, and Holdings**

**40 Main Branches**

controlling 406 Regional Branches  
with 334 Sub-Branches

**More than 50 Subsidiaries  
and Holdings**

including:

RHEINHYP

Rheinische Hypothekenbank AG,  
Frankfurt

Berliner Commerzbank AG,  
West Berlin

Commerz-Credit-Bank AG Europartner,  
Saarbrücken

Commerzbank  
Investment Management GmbH,  
Frankfurt

Commerz International  
Capital Management GmbH,  
Frankfurt

Commerz- und Industrie-Leasing GmbH,  
Frankfurt

Deutsche Immobilien Leasing GmbH (DIL),  
Düsseldorf

**Foreign Branches,  
Subsidiaries, and Holdings**

**5 Subsidiaries**

Commerzbank International S.A.,  
Luxembourg

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

Commerzbank (South East Asia) Ltd.,  
Singapore

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

Commerzbank Capital Markets Corporation,  
New York

**13 Branch Offices** (see page 107)

**16 Representative Offices** (see page 110)

**Some 30 Holdings**

including:

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

Korea International Merchant Bank,  
Seoul

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



## Syndicate and securities business

The October stock market crash and the renewed weakness of the US dollar it caused led to a distinct break in worldwide financial market performance. Share issuing, in particular, is still suffering from the impact, and primary bond markets were also badly hit. Thus the volume of long-term bonds floated in the Euro-capital market almost halved from the third to the fourth quarter of 1987. There had, however, been clear signs earlier of a slowdown in the trend towards securitization which had characterized the financial markets in the preceding years.

Instead, there was a remarkable revival in internationally syndicated credits, and longer-term funds were to a growing extent raised in the national capital markets again. These structural changes are also reflected in our own investment banking activities which, despite the more difficult general conditions, continued successfully on the whole.

### **Fewer bond issues, more international credits**

The drop of around 25% in the overall volume of new Euro-bond issues last year did not leave DM bond offerings by foreign borrowers untouched. On the contrary, new issues in this sector fell by a third from their record 1986 level, with Commerzbank serving as lead-manager for only 20 of them, compared with 33 the previous year. At slightly over DM4bn, though, the aggregate amount raised was almost as high as a year earlier. In addition, we co-managed 67 foreign DM bond offerings.

The issues for which we acted as lead-manager again included a number of newcomers to the German capital market, namely the financing arm of Britain's Royal Insurance, the Turkish central bank, the Oil & Natural Gas Commission from India, Kronos Finance from our

own country, and the financial services subsidiary of the US multinational AVIS. The Turkish central bank was the first borrower from that country ever to tap the international capital market.

As lead-managers of foreign-currency bonds, we concentrated on Australian dollar offerings, handling six of them worth a total of AS\$465m in 1987. Particularly noteworthy here were the issues by BP Capital, Kraft Inc., and the State Bank of Victoria. We also acted as lead-manager for one US\$ bond issue and for one denominated in Canadian dollars. Furthermore, we co-managed a total of 243 foreign-currency bond offerings altogether equivalent to just under US\$25bn. The generally flagging interest in raising funds through securities issues is also reflected by these figures.

Internationally syndicated credits provided some compensation, primarily in the medium-term range where we stepped up our involvement as co-managers. Spreads on new loans have, however, continued to narrow, particularly when arranged for borrowers from the industrialized countries.

Unlike the Euro-capital market, the German bond market remained unaffected by the stock market crash. Despite the ups and downs of interest rates, the volume of issues again expanded. Placing of paper was, however, frequently hampered by the pronounced, though temporary, volatility of interest rates between the fixing of the terms for an issue and its actual launch. Stronger public-sector borrowing translated into a further rise, to slightly over DM43bn, in the overall amount of bonds launched by the German Federal Government, the Federal Railways and the Federal Post Office. As a corporate bond issue, a DM150m offering by VIAG was a noteworthy rarity in the domestic market.



## Swaps a service product

In 1987 too, our activities in the international issuing field were boosted by interest-rate as well as combined interest and currency swaps. In fact, in most cases the foreign-currency bond issues for which we acted as lead-manager could only be arranged on the basis of swap agreements giving borrowers access to conditions which they would not have secured for themselves by directly tapping the respective capital markets. Swaps proved particularly attractive in combination with issues denominated in Australian or Canadian dollars.

For Commerzbank, swap agreements are an important element in its range of services. Generally, the Bank is directly involved as one of the parties concluding them, yet, in exceptional cases, we also act as an intermediary. In addition, interest swaps are of great significance as an instrument for controlling our own overall interest position.

Unlike standard swap agreements that merely serve financing needs, the asset swap offers institutional investors an attractive alternative to more traditional forms of investment, with the buyer of a fixed-interest security simultaneously concluding a swap agreement which, in effect, transforms the fixed-rate earnings from the security into floating-rate income. For this kind of transaction, too, we are increasingly performing an intermediary role.

## Success with bourse listings

Following the spate of capital increases by listed companies in 1986, it was only realistic to expect that less equity capital would be raised in the market the following year. Since October 19, this market sector actually seems to have dried up. Nevertheless, we participated

## Cooperation in underwriting syndicates

Year	Capital increases through rights issues*)	Domestic bond issues	Foreign DM bond issues
1978	22 totalling DM2.5bn	23 totalling DM11.5bn	98 totalling DM12.0bn
1979	19 totalling DM2.0bn	15 totalling DM12.9bn	55 totalling DM 6.8bn
1980	16 totalling DM2.7bn	11 totalling DM 9.2bn	66 totalling DM10.0bn
1981	20 totalling DM1.4bn	12 totalling DM13.5bn	41 totalling DM 5.2bn
1982	20 totalling DM2.0bn	20 totalling DM21.9bn	102 totalling DM12.1bn
1983	18 totalling DM2.6bn	24 totalling DM23.4bn	103 totalling DM14.6bn
1984	16 totalling DM1.9bn	21 totalling DM23.9bn	109 totalling DM17.0bn
1985	18 totalling DM4.7bn	29 totalling DM32.5bn	126 totalling DM24.7bn
1986	31 totalling DM9.2bn	31 totalling DM46.3bn	126 totalling DM25.1bn
1987	19 totalling DM5.7bn	29 totalling DM50.2bn	98 totalling DM19.7bn

\*) cash proceeds.

In addition, we participated in placing 2,065 foreign-currency bond issues between 1978 and 1987.

in a total of 19 capital increases producing cash proceeds of altogether DM5.7bn, compared with DM9.2bn in 1986.

We were successful in our efforts to bring new firms to the stock exchange. 1987 saw a total of 19 bourse introductions, with Commerzbank the lead-manager for both the listing and the placing of the shares of three of them, namely for clothing manufacturer Ahlers, for automotive industry supplier Boge and, easily the largest such stock flotation, for Linotype, a hi-tech leader in the electronic typesetting and communication systems field. The aggregate amount raised by these three companies was DM726m, so that just over 40% of the total floated by all bourse newcomers last year was generated with our assistance.



### **New foreign shares listed in Frankfurt**

Helping to create an ever more international dimension for equity investments remained one of our major aims in 1987 as well. Thus during the first nine months, when companies' interest in launching shares beyond their national borders was still unabated, we participated as co-managers in 34 placements of foreign shares. The focus here was on the privatization of previously government-controlled enterprises in France and in the UK.

To give German investors the opportunity to purchase non-domestic equities both conveniently and at low cost, we once more devoted intensive effort to adding foreign names to the list of companies quoted on German stock exchanges. We were successful with

Hafnia Invest, a leading Danish insurance group,

Petrofina, the largest Belgian oil and gas company, and

Swedish Match, a major plastics and wood processor.

In addition, we again arranged for a number of prominent corporate and public-sector borrowers from abroad to present themselves to the German financial community, frequently in connection with a planned tapping of the capital market or a projected bourse listing. The most important among them were L'Air Liquide, Kraft Inc., M.I.M. Holdings Ltd., Canadian Pacific Ltd., the Province of Quebec and the Republic of Ireland.

### **More industrial project financing**

While previously concentrating our activities in international project financing primarily on the energy and commodities sectors, we have in the meantime focused more on complex

industrial plant and on both communications and infrastructural projects. We are one of the lead-managers and a member of the group of advisers for the most important European infrastructural project, the Anglo-French "Eurotunnel".

In the years to come, the international financing of similar investments is also likely to gain importance in countries with balance of payments problems. This is particularly true of export-oriented projects where the cash flow they generate can serve to repay the foreign currency portion of the overall financing package—a trend that is fostered by the special know-how the banks have acquired in the meantime.

### **M & A services in great demand**

1987 saw further growth in the demand for our services as an intermediary in the—partial or complete—buying and selling of companies and also in the arrangement of corporate cooperation agreements, at the domestic level as well as internationally. Commerzbank was involved in both purchases and sales, following through a number of projects to their successful conclusion. The gap between the numerous enquiries about acquisition opportunities and the relatively small number of selling offers remained as wide as ever, with prospective buyers above all interested in the chemical, pharmaceutical and food industries and also in the field of measuring and control equipment.







Difficult market conditions led to particularly exacting demands being made on our investment counsellors.



**Fresh rise in securities commissions**

While the volume of domestic shares we traded on behalf of our customers shrank notably, demand for foreign equities remained brisk. These now account for more than 40% of our total share turnover—further indication of the effort we put into globalizing securities investments.

Trends in bond trading were similarly diverse: while dealings in German bonds on our customers' behalf stagnated, there was a jump of more than a quarter in the aggregate volume of such business in foreign-currency paper and in DM bonds issued by borrowers from abroad. In view of the planned introduction of a 10% withholding tax on all income from savings and portfolio investments, a continued shift in customer interest towards foreign securities would not come as a surprise.

Overall, we succeeded in slightly improving commission earnings on our customer-based securities business from its already high level. Securities operations once more contributed significantly to Commerzbank's funding, with a total of DM600m (1986: DM700m) raised in 1987 through sales of the Bank's own bearer bonds via our branch network.

**Dynamic asset-management subsidiaries**

Operating since end-1986 under the name Commerzbank Investment Management GmbH, our investment fund subsidiary specializing in the non-publicly-offering sector by providing professional pension fund management services for both domestic institutional investors and companies, has recorded a constantly strong inflow of funds. In 1987, the number of not-publicly-offered funds managed by this subsidiary increased by 17 to 110, with their total assets going up from



DM5.8bn to DM6.2bn, despite the falling prices of many shares.

Commerz International Capital Management GmbH, set up in Frankfurt at end-1986 to serve foreign institutional investors, in its first full financial year also performed successfully. At end-1987, this start-up subsidiary was already administering assets of altogether more than DM1.5bn.

#### **Another record year for investment funds**

West Germany's publicly-offering investment fund companies registered booming sales in 1987 as well. They reported an overall inflow of DM14.8bn, almost four times the annual average for the 1983/1984 period. Once again, the lion's share went to funds investing in bonds, but equity-based funds also met with growing interest.

Our affiliate ADIG Allgemeine Deutsche Investment-Gesellschaft mbH, in which Commerzbank holds a 30% interest, recorded an aggregate inflow of DM2.9bn in 1987. With a market share of 22%, it is the second-largest German investment fund company, managing 15 individual funds whose total assets increased from DM13.2bn to DM14.8bn in 1987. For six of them, Commerzbank acts as depository bank. Sales through our branch network of ADIG fund certificates—in the form of both individual certificates and contractual payments into special savings accounts—rose by more than half in 1987.

With an inflow of DM372m, HAUS-INVEST, the open-ended property fund marketed by Commerzbank as depository bank, enjoyed even faster growth last year. At end-1987, the assets managed by this fund reached a volume of DM1.3bn, 40% higher than a year earlier. In terms of the

yield it offers, HAUS-INVEST maintained its place among West Germany's leading open-ended property funds.

In addition, through a further affiliate, Deutsche Immobilien Leasing GmbH (DIL), we offer private customers the chance to invest in closed-end property funds, in this case by becoming a limited partner in the latter.

#### **Our investment bank in New York**

We are convinced that, with the globalization of the capital markets, it has also become essential for us to maintain a presence of our own in the investment banking field in the financial centre of New York. Thus, on March 1 of the current year, we set up Commerzbank Capital Markets Corporation there as a wholly-owned operation, through a spin-off from what had up to then been EuroPartners Securities Corporation. Like the latter, the new subsidiary is a member of the New York Stock Exchange.

Our interest in its predecessor, EuroPartners Securities Corporation had amounted to 40%. The New York-based investment bank had primarily assisted non-American investors to place their funds in the US securities markets. Motivated by Wall Street's strong boom as from early 1987, foreigners became large-scale purchasers of American shares, thereby significantly boosting net commission income for the bank. It continued to act as an underwriter for numerous share and bond issues.



## Staff and welfare report

In view of the steady expansion of banking business and the ever more exacting demands of our customers, but also to prepare for the fresh challenges of the nineties, we once again created new jobs during the 1987 financial year. At year-end, we had 23,324 full-time staff, 785 more than a year earlier. After the strong increase in personnel over the past few years, a lower level of recruitment is planned for 1988.

### Training for the 1990s

Preparing for the nineties primarily means training tomorrow's staff. The content of our basic training programmes today already reflects the high qualitative requirements made of the future bank employee. Here we are especially concerned to give activities involving direct contact with customers greater priority.

However, the high standards which a banking apprenticeship entails by no means discourage applicants. Quite the contrary: a career as a bank employee exerts the strongest appeal of all the possible apprenticeships on those just completing their studies at school. Last year, Commerzbank was able to take on 968 of the numerous applicants for an apprenticeship.

In order to cover our need for qualified local staff in our outlets abroad, we are stepping up our efforts to offer a soundly-based training there as well. Alongside Madrid and Brussels, which have offered these facilities since 1984, Amsterdam, Paris and Tokyo are now active in this field.

### Quality improved through advanced training

Our personnel policy focuses on the constant improvement of the qualifications which our employees possess, with advanced training playing a special role. For this reason, our activities in that domain continued to gain in significance throughout 1987. Setting "quality before quantity", we took great care to secure even higher standards in our courses and to ensure that what is learnt theoretically is properly applied later on the job.

In a special seminar, all our executive staff were made acquainted last year with the Bank's management instruments. This group's ability to guide employees is crucial in deciding whether the Bank achieves its business-policy goals.

### Personnel expenditure and welfare provision

Personnel expenditure rose by 7.1% (11.9%) to DM1,634.5m (DM1,526.3m) in 1987, with wages and salaries accounting for DM 1,282.0m (DM1,190.8m)

Data on Commerzbank's personnel

	1987	1986	in %
Total staff (Group)	25,783	24,837	+ 3.8
Total staff (Parent Bank)	23,324	22,539	+ 3.5
– incl.: based abroad	866	811	+ 6.8
– incl.: apprentices	2,304	2,233	+ 3.2
– incl.: junior executives	403	403	–
Permanent staff <sup>1)</sup>	20,501	19,781	+ 3.6
Ratio of apprentices to permanent staff <sup>2)</sup>	11.7%	11.8%	–
Years of service			
– more than 10	47%	48%	–
– more than 20	16%	16%	–
Staff turnover <sup>3)</sup>	3.9%	3.8%	–
Total pensioners and surviving dependents	5,334	5,083	+ 4.9
– incl. those retiring during the year	341	316	+ 7.9
Total entering early retirement	178	182	– 2.2

<sup>1)</sup> Full-time staff <sup>2)</sup> employees excluding apprentices, junior executive staff and temporary personnel <sup>3)</sup> in terms of permanent staff in West Germany <sup>3)</sup> due to staff giving notice



= +7.7% (11.9%), social insurance contributions DM193.7m (DM178.2m) = +8.7% (11.2%), pensions, pension fund contributions and benefits DM158.8m (DM157.3m) = +1.0% (12.6%). (Statistics in parentheses represent 1986 figures.)

The climb in personnel costs was caused by pay increases and the 4.7% growth in the average number of staff over the year. Collectively negotiated salaries went up by 3.6% as from March 1 and by another 0.2% as from June 1. For the March-May period, the Bank made a non-recurring payment of DM75 to those of its staff employed on that basis. Individually agreed salaries were raised as from July 1, 1987.

For pensions and payments to surviving dependents, the Beamtensicherungsverein (BVV), a supplementary pension fund of the private-sector banks, received employer's contributions totalling DM45.6m (DM41.8m).

Special payments to individual employees for long and faithful service came to DM5.4m (DM6.9m).

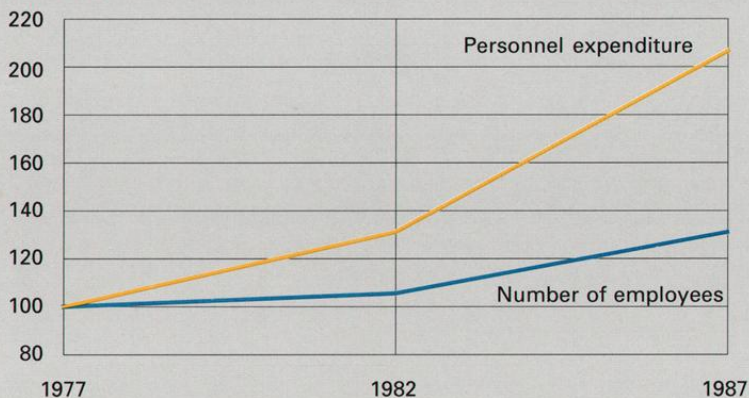
1987 saw the 22nd offer to employees, pensioners and former staff in early retirement of Commerzbank shares at a preferential price, which were issued from the Bank's authorized capital. This met with lively interest, as is reflected by the fact that 47% (36%) of those entitled to do so bought such shares. The costs for the Bank amounted to DM4.2m (DM1.9m).

### Cooperation with employee representatives

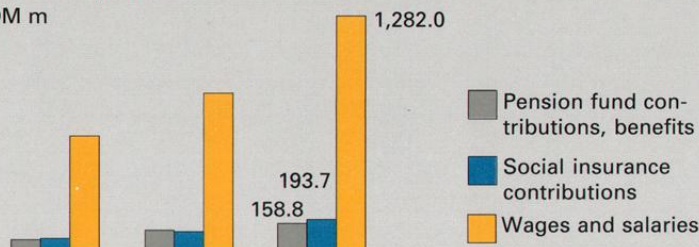
After the elections in March 1987, a new central staff council was constituted in early April. Cooperation with the staff council bodies was objective and open-minded. The Bank's management and the employee representatives' committees discussed a variety of topics in a constructive manner.

## Our Staff

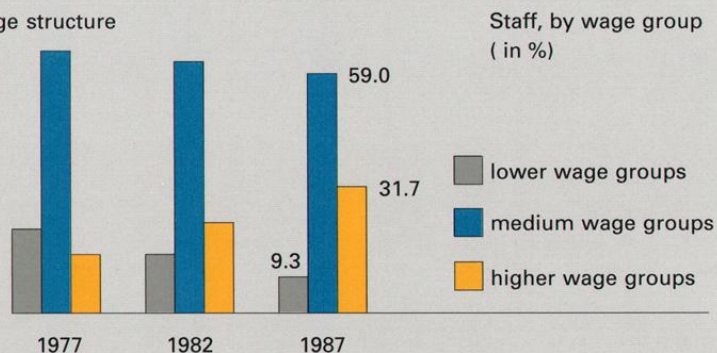
Number of employees and personnel expenditure  
1977 = 100



Personnel expenditure  
in DM m



Wage structure

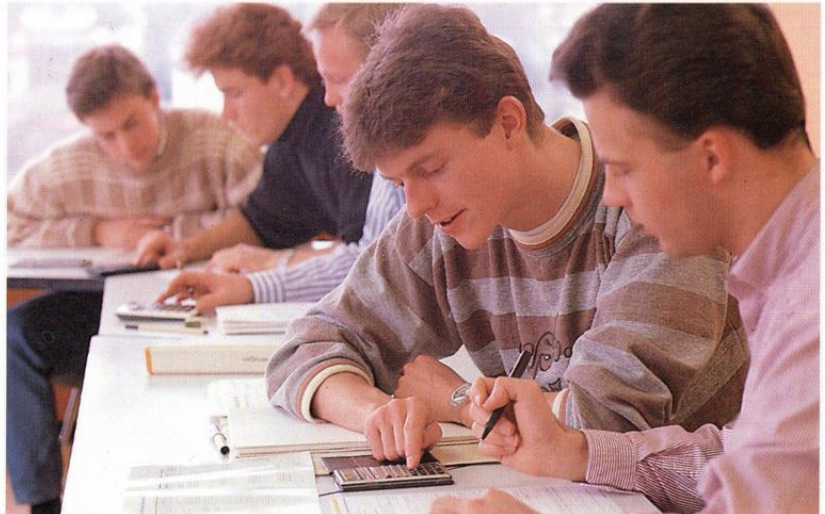


By reaching internal agreements with the employee representatives, the Bank has been able to achieve a mutually acceptable reorganization of its own supplementary pension scheme—duly taking into account the latest jurisdiction of the Federal Labour Court. We have amended our welfare provision to reflect the need to pay widowers' pensions as stipulated by various changes in legislation and jurisdiction. At the same time, special payments to cover the first three months of



## STAFF AND WELFARE REPORT

Investing  
in our future:  
basic  
and advanced  
training at  
Commerzbank.



retirement will not be made in the case of staff joining us after January 1, 1988.

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

The consultations between the Bank's management and the senior staff spokesmen's committee were also characterized by open-minded cooperation.

### **We wish to thank**

- our staff, who through their efforts and dedication helped ensure that our Bank was successful last year, despite the more difficult banking environment;
- those employees who retired during 1987, most of them after long years of service.

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



## Concrete perspectives

Terms like globalization and deregulation, as well as the ever greater transparency, variety, and complexity of our product range, indicate a trend towards even tougher international competition. In future, professional counselling and consequently the quality of a bank's staff will become ever more decisive in this respect. This challenge also brings with it the opportunity to offer in the future as well career openings with good prospects.

As we pride ourselves on being "the bank you can bank on", we must cater to the mounting individual wishes of our customers. This calls for creative staff and people who cooperate and communicate—inside and outside the Bank. Mental flexibility, the ability to grasp complex issues and take decisions accordingly, entrepreneurial initiative and an international orientation will be especially significant factors in determining which bank has the qualitative edge over the others.

Our aim is to recognize the abilities of our personnel as early as possible and encourage them through the appropriate measures so that we can fill positions optimally. "Personnel development" thus forms a cornerstone of our human resources policy.

## Decentralized decisions

In line with our decentralized organizational structure, all managerial staff are involved in the process of personnel development; they are all required to ensure the steady qualitative improvement of the staff entrusted to them. One way in which we prepare our managers for such tasks, which presuppose familiarity with an array of personnel management instruments, is through a seminar devoted to their duties as superiors.

Our executives pass on the names of promising employees to a "planning team" in the relevant main branch or department, where decisions are taken as to the training, development and future duties of the employees in question. Our Personnel Division coordinates the necessary measures throughout the Bank.

Responding to employees' own wishes and ideas is crucial to their motivation and willingness to put in effort.

## Tapping potential

Key qualifications have been worked out in order to assess an employee's scope for development. In this connection, indicators have been established which make it easier for superiors to detect personal qualifications. Latent potential can also be discovered by means of a special seminar based on the assessment centre method which has two aims:

1. Early recognition of leadership quality, above all in younger personnel who merit encouragement.
2. Establishing and devising the optimal career plan—from both the Bank's and the employee's standpoint.

The recognition of potential forms the basis for concrete steps which may translate into individual career planning or practical training measures, but also into theoretically-oriented advanced courses. Since we believe that systematic preparation for new, demanding duties represents our main investment for the future, the basic and advanced training of our staff is central to our Bank's personnel policy.

## Personnel development— a cornerstone of our personnel policy

*"Our Bank's success is basically that of our employees as well. It is only through the performance of qualified specialists and managerial staff in all positions and at all levels in the hierarchy that we can stay competitive."*

A quotation from our brochure "Personnel Development".



## Report on the Bank's Performance

### The Group

Commerzbank AG, the Parent Bank, cooperates closely with the companies affiliated with it in the Commerzbank Group. Particular importance attaches to the role played by the domestic and foreign credit institutions and by the financial consultancy and leasing firms among its members. Details of the latter's activities and performance are given in the Notes on the Parent Bank's Annual Accounts (cf. pages 60 to 68) as well as in the Group's Report, Accounts and Financial Statement (starting on page 71).

At end-1987, the Group's business volume (balance sheet total plus endorsement liabilities) stood at DM163.9bn, an increase of DM13.1bn, or 8.7%, on the year-earlier level of DM150.7bn. The consolidated balance sheet total rose by 9.2% in 1987 to DM161.7bn. The Parent Bank accounted for a little more than 58% of the gross assets before elimination of intra-Group balances. The Group's aggregate lending was up 6.1% at DM109.0bn, and the overall volume of its borrowed funds showed a 9.4% expansion at DM153.5bn.

### Parent Bank's business volume

The business volume of the Parent Bank reached DM103,077m at the balance sheet date (December 31, 1987), up 10.6% on the end-1986 level of DM93,185m. On average over the year, the business volume amounted to DM96,791m in 1987, a rise of 12.1% on the 1986 average of DM86,350m. Of the 1987 year-end total, DM33,738m was contributed by the foreign branches, which thus raised their share to 32.7%, from 30.4% at end-1986.

The Parent Bank's total assets increased by DM10,301m, or 11.3%, to DM101,108m in the year under review which, however, saw the real external value of the D-mark climb further so that, due to currency translation, the volume of additional business actually achieved is not fully reflected in the above growth rate. Expressed in D-marks, the latter was the result of the changes in the utilization of new funds illustrated in the table on the opposite page.

### Liquid funds

Continued strong demand for longer-term funds by both its private and business customers led Commerzbank to expand its funding at the long end accordingly, also making use of the possibilities offering themselves in the international capital markets by entering into interest and currency swap agreements on a reasonable scale. To cover its domestic short-term liquidity needs, the Bank can either have recourse to the German money market or to the Bundesbank, and to secure its solvency abroad, at any time and also in foreign currencies, stand-by credit lines are maintained with a number of foreign banks on a mutual basis.

### Lending

Total lending to banks and non-banks (excluding loans on a trust basis and guarantees) increased by DM3,276.8m, or 5.9%, since end-1986.



## Total lending

	1987	1986
Loans to customers		
a) short and medium-term	DM24,773.8m = 42.4%	DM24,592.6m = 44.6%
b) long-term	DM23,942.5m = 41.0%	DM21,605.7m = 39.2%
	DM48,716.3m = 83.4%	DM46,198.3m = 83.8%
Loans to banks		
a) short and medium-term	DM 1,742.9m = 3.0%	DM 1,904.3m = 3.5%
b) long-term	DM 2,523.4m = 4.3%	DM 2,369.8m = 4.3%
	DM 4,266.3m = 7.3%	DM 4,274.1m = 7.8%
Book and acceptance credits	DM52,982.6m = 90.7%	DM50,472.4m = 91.6%
Bills discounted	DM 5,421.4m = 9.3%	DM 4,654.8m = 8.4%
	DM58,404.0m = 100.0%	DM55,127.2m = 100.0%

In the year under review, the Bank once again raised the share of longer-term loans in its overall lending, from 43.5% at end-1986 to 45.3%. Funds extended at longer terms were, inter alia, financed through bonds issued by the Parent Bank with maturities of more than four years amounting to DM3,582.9m and through DM13,194.7m longer-term borrowings, mainly from banks—among them Kreditanstalt für Wiederaufbau (Reconstruction Loan Corporation)—and from public authorities, but also including the D-mark equivalent of the proceeds of foreign-currency bonds issued by members of the Commerzbank Group. Where so provided for in the agreements with the respective original lenders, funds were passed on to the final borrower on the terms set by the former.

## Utilization of new funds in 1987

Source of funds	in DM m	Application of funds	in DM m
Increase in liabilities	11,309	Increase in assets	10,845
a) bank deposits	(4,935)	a) cash reserves, cheques, and collection items	(123)
b) customers' deposits	(6,233)	b) bills of exchange	(1,176)
c) provisions	(52)	c) nostro balances	(6,402)
d) equity capital	(72)	d) bonds	(314)
e) other liabilities	(17)	e) shares	(3)
Reduction of assets	394	f) short and medium-term loans to customers	(181)
a) loans to banks	(8)	g) long-term loans to customers	(2,337)
b) Treasury bills	(330)	h) increase in fixed assets	
c) investments (associated companies and trade investments)	(22)	ha) land and buildings	(72)
d) other assets	(34)	hb) office furniture and equipment	(187)
Depreciation on fixed assets	149	i) other assets	(50)
		Reduction of liabilities	1,007
		a) own bonds	(882)
		b) own acceptances	(124)
		c) other liabilities	(1)
	11,852		11,852



Book and acceptance credits showed a rise of DM2,518.0m, or 5.5%, in loans to customers, while advances to banks declined slightly by DM7.8m, or 0.2%. Bill discounts were up by DM766.6m, or 16.5%, to DM5,421.4m. This includes rediscounted bills of DM1,969.3m, representing 36.3% of our total bill portfolio at year-end.

Bills discounted by our foreign branches plus book and acceptance credits extended by them reached DM15,665.7m, or 26.8% of aggregate lending of this type by the Bank, compared with DM13,330.7m, or 24.2%, at end-1986.

In structuring our lending according to loan size, we have been avoiding too great an overall weight of individual large-volume loans because of the risks involved, and we apply what we consider to be rigid standards in doing so.

In 1987 again, we had to add to our loan loss reserves. However, the amount needed to provide for risks resulting from a fall in the standing of borrowers was only slightly more than half the high total required for this purpose in the preceding year. On the other hand, according to our own evaluation there has been no general improvement in the situation of those countries we consider to represent heightened lending risks, so that all in all we have further augmented our loan loss provisions in the 1987 accounts. The customary caution was applied in assessing specific loan loss provisions, and increased country risks have been provided for to an extent we consider adequate. Moreover, the allocation to the global loan loss reserve was made for the entire Bank as required under banking supervisory rules.

Borrowed funds		
	1987	1986
Liabilities to banks		
a) demand	DM 4,815.2m = 5.1%	DM 6,164.4m = 7.3%
b) time	DM23,767.4m = 25.2%	DM17,482.5m = 20.8%
	DM28,582.6m = 30.3%	DM23,646.9m = 28.1%
Customers' deposits		
a) demand	DM12,486.4m = 13.2%	DM12,988.8m = 15.4%
b) time	DM33,842.8m = 35.9%	DM27,892.5m = 33.2%
c) savings deposits	DM13,815.7m = 14.7%	DM13,031.0m = 15.5%
	DM60,144.9m = 63.8%	DM53,912.3m = 64.1%
Bonds issued	DM 4,100.6m = 4.4%	DM 4,982.9m = 5.9%
Acceptances outstanding	DM 1,436.8m = 1.5%	DM 1,560.3m = 1.9%
	DM94,264.9m = 100.0%	DM84,102.4m = 100.0%

During the year under review, we allowed funds due to other banks to increase by DM4.9bn, while at the same time raising our claims on the latter by DM6.4bn. The position resulting for us as a net interbank lender amounted to DM2.6bn on December 31, 1987, as against one of DM1.1bn at end-1986.

The above table shows that the Bank additionally funded its lending through low-cost borrowing in the year under review. Decreases in demand deposits and in the volume of our own acceptances outstanding are largely explained by random factors relating



to the reporting dates, while the reduction in the aggregate amount of our own bonds in circulation is due to new placements of the latter being exceeded by redemptions.

At the closing date, longer-term funds at our disposal broke down as follows:

	DM m
Term deposits from other banks	5,712.9
Term deposits from customers	7,481.8
Savings deposits at 4-year period of notice	666.2
Bonds outstanding	3,582.9
	17,443.8

In addition, a total of DM1.8bn of funds was deposited with us under the various other savings plans we offer.

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

Of the investments as shown in the balance sheet, DM1,204.8m represent holdings in credit institutions and DM1,271.6m in non-banks. As required by Section 285 (11) of the German Commercial Code (HGB), companies in which we or affiliates of ours have a one-fifth minimum stake are listed on page 65 ff in the Notes on the Parent Bank's Annual Accounts. Details on the DM21.8m decline in the book value of our holdings in subsidiaries and affiliated companies and in our trade investments are also given there.

In 1987, we raised our stakes in eight banks, resulting in a total increase of DM29.4m in this category. On balance, our interests in non-banks showed a DM51.2m decrease. Holdings to be mentioned in this connection are:

Frega Vermögensverwaltungsgesellschaft mbH, which had been founded in Frankfurt in 1986, after a capital increase in the year under review served as a vehicle for the purchase of one-quarter of the share capital of Linotype AG, Eschborn, in the process of our assisting that company in going public. Our remaining, indirect interest in it amounts to 10%, and is held through Frega, of whose shares we still own two-fifths, having sold three-fifths to third parties.

We became a 20% limited partner in Alster Beteiligungsgesellschaft mbH & Co. KG, formed in 1987 in Frankfurt by several well-known German banks.

Also established last year in Frankfurt, with the aim of acquiring interests in other companies, was Commerz Unternehmensbeteiligungs-Aktiengesellschaft, whose share capital of DM20m was subscribed to in equal parts by us and by Haftpflichtverband der Deutschen Industrie VVaG.

We sold our 35% holding in Sachs Aktiengesellschaft, Munich, which we had shown under two different headings in our 1986 accounts: 25% was grouped under "investments" and 10%, intended to serve for trading purposes, under securities.

The disposals related to the sale of our interests in two companies and to one company partially repurchasing its capital from us.



### **Syndicate and securities business**

A major issue in the year under review was the crash that shook the international stock markets in October. Although conditions became more difficult generally, our syndicate business developed favourably on the whole. In spite of the fall in primary sales of Eurobonds, Commerzbank acted as lead-manager for 20 DM bond issues by foreign borrowers and was the co-manager for another 67 such offerings. The German bond market remained unscathed by the upheavals in the equities sector. Prior to these, we had assisted three domestic companies—namely Ahlers AG, Boge AG and Linotype AG—to obtain a stock exchange listing; the overall volume of shares placed totalled DM726m.

All in all, we succeeded in further boosting commission income from both syndicate and securities operations, even though its year-ago level had already been high.

### **International activities**

Thanks to the efficient structure of its international network, Commerzbank—despite the dollar slump—managed both to enlarge the overall share of its branches abroad in its business volume and also to improve their operating results slightly. Its foreign subsidiaries, while maintaining their aggregate volume of business, also achieved a higher sum total for their operating results.

Cooperation with correspondent banks throughout the world was further intensified. Commission earnings in our foreign commercial business were up again despite their comparatively high 1986 level. Not least thanks to the currency-hedging needs of those of our customers engaged in foreign trade, our corporate foreign-exchange services produced better results than in the preceding year. The income generated by our own-account currency operations—whose scope was extended in early 1987 through a forex desk at our Los Angeles branch—notably exceeded the substantial 1986 figure.

The credits we have outstanding to both state-trading and developing countries have given us reason for sustained concern. We have endeavoured to provide, to a justifiable extent, support for handling trade-related commercial business with the problem countries so as to help German exporters to retain these markets and also to enable the debtor nations to meet urgent import needs.

### **Earnings performance**

In the year under review, we did not succeed in matching the particularly good 1986 results. The Parent Bank's partial operating result—which is arrived at by subtracting personnel and other operating expenses and the current depreciation on fixed assets and equipment from the sum total of net interest, dividend, and commission income—fell 9.2% short of the 1986 figure at DM682.6m. It should, however, be noted that the respective year-on-year declines as reported by us in 1987 in our Interim Reports per mid-year and per end-October had still reached 17.9% and 9.7%. The overall operating result—which, in addition, includes own-account transactions as well as other current income and expenditure items—shrank even more in the wake of last October's stock exchange slump.



Net interest and dividend income—which is the balance of interest earned on loans and money-market transactions plus current receipts from investments and other securities holdings and under profit-transfer agreements, minus total interest payments—amounted to DM2,207.0m; this rise of 2.0% was attributable to the expanded business volume. The average interest margin for the year receded to 2.28%, from 2.51% in 1986. Net commission income was again up on the year-ago figure at DM935.2m, but the growth rate decreased to 4.5%. This was largely due to the noticeable flattening during the November-December period of receipts from securities and syndicate operations—both of which showed gains for the year as a whole, though. Small rises which roughly corresponded to that in overall net commission earnings were recorded in commission income from foreign commercial business, from intermediary services, and from payments transactions.

Total operating expenditure went up 6.6% to DM151.8m, with most of the increase accounted for by personnel costs rising DM108.2m, or 7.1%, to DM1,634.5m. While we managed to contain the other operating expenses, which moved up only 3.1% to DM676.2m, depreciation on fixed assets and equipment climbed steeply by 18.7% to DM148.9m. The latter reflects the fact that instead of buying EDP equipment we have more and more opted to lease it.

Given the unfavourable situation in the stock markets following the October crash, we were not in a position to match the good results we had achieved on own-account securities transactions in 1986, but we raised the profits we made on currency dealings on our own account. The high write-downs on our securities holdings that became necessary upon strict application of the lower-of-cost-or-market rule could be compensated for by non-recurrent earnings, primarily from the placing of the shares of Boge AG and Linotype AG with the public, from the sale of the stake we had owned in Sachs AG, and from the redemption of bonds we had held.

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

The operating result of the Group showed a less pronounced decline than that of the Parent Bank, since the latter was affected more strongly by last year's stock exchange developments than were the other major domestic and foreign member banks with their differently structured business.

### **Proposal on appropriation of profit**

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

DM228,631,209.

Commerzbank herewith proposes to its shareholders that DM187,193,709 of this amount be used for the distribution of a dividend of DM9 per DM50 nominal share.

Adding to this the DM5.06 tax credit for shareholders with unlimited tax liability in West Germany, the gross amount to be received by them per DM50 share is DM14.06.



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

DM41,437,500

will remain for distribution to the holders of the profit-sharing certificates we issued in 1985. Pursuant to section 23(2) of the Bank's statutes and to the conditions of the June 1985 subscription offer for profit-sharing certificates, the holders of the latter will receive a payment of 8.25% of the certificates' face value plus an additional amount, for 1987, of 1.5% of the certificates' face value.

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

Following the allocation of DM60m to other revenue reserves from the net income for the past business year, the Bank's equity capital as defined in Section 10 of the German Banking Act (KWG) amounts to DM4,368.4m, up from DM4,296.6m at end-1986; this corresponds to 4.3% and 4.7%, respectively, of the balance sheet totals for either year.

Details of the Bank's equity capital structure and the changes that occurred in it over the year under review are given in the Notes on the Parent Bank's accounts, as required by Section 264 (1) of the German Commercial Code (HGB).

**Perspectives**

We are confident that we will succeed in maintaining the fine performance of both the Parent Bank and the Group in 1988 as well. It will be important in the process to meet further increases in operating costs through volume growth that is focused on earnings.

We assume that the current year will not bring a repetition of the specific developments and factors that encumbered 1987, although for the time being we do not see any easing of tensions as regards country risks. Yet we are convinced that we will be able to achieve a satisfying overall result for 1988 as well.



PARENT BANK'S ANNUAL ACCOUNTS

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BALANCE SHEET

PROFIT AND LOSS ACCOUNT



# BALANCE SHEET AS AT DECEMBER 31, 1987

Dec 31, 1986

Assets	DM	DM	DM	DM1,000
Cash on hand			361,340,435.67	341,295
Balance with Deutsche Bundesbank			3,514,725,551.29	3,459,788
Balances on postal giro accounts			22,969,795.57	24,121
Cheques, matured bonds, interest and dividend coupons, items received for collection			439,526,509.12	390,540
Bills of exchange			3,452,088,088.08	2,276,504
incl.: a) rediscountable at Deutsche Bundesbank	738,538,391.59			
b) own drawings	152,107,878.29			
Claims on banks				
a) payable on demand		3,209,352,461.52		4,193,668
b) with original periods or periods of notice of				
ba) less than three months		8,152,554,271.11		6,915,096
bb) at least three months, but less than four years		16,876,685,667.21		11,067,836
bc) four years or more		2,950,581,144.27		2,618,019
			31,189,173,544.11	24,794,619
Treasury bills and discountable Treasury notes, issued by				
a) the Federal and Länder Governments		568,439,940.93		1,138,477
b) others		560,822,069.21		321,111
			1,129,262,010.14	1,459,588
Bonds and notes				
a) with a life of up to four years, issued by				
aa) the Federal and Länder Governments	51,243,229.17			
ab) banks	278,171,749.75			
ac) others	366,047,979.87	695,462,958.79		568,578
incl.: eligible as collateral for Deutsche Bundesbank advances	DM 288,601,964.19			
b) with a life of more than four years, issued by				
ba) the Federal and Länder Governments	2,370,968,891.61			
bb) banks	2,042,272,688.36			
bc) others	2,222,281,449.37	6,635,523,029.34		6,448,068
			7,330,985,988.13	7,016,646
incl.: eligible as collateral for Deutsche Bundesbank advances	DM3,175,380,289.77			
Securities not to be shown elsewhere				
a) shares marketable on a stock exchange and investment fund certificates		629,987,537.74		516,208
b) other		139,225,980.95		250,665
			769,213,518.69	766,873
incl.: holdings of more than one-tenth of the shares of a joint-stock or mining company, unless shown as investments	352,218,004.89			
Claims on customers, with original periods or periods of notice of				
a) less than four years		24,773,841,521.26		24,592,574
b) four years or more		23,942,504,548.92		21,605,710
			48,716,346,070.18	46,198,284
incl.: ba) secured by mortgages on real estate	5,980,991,344.51			
bb) communal loans	4,079,637,448.30			
Recovery claims on Federal and Länder authorities under post-war currency reform acts			35,767,971.94	38,400
Loans on a trust basis at third party risk			39,144,919.97	39,753
Subsidiaries, associated companies, and trade investments (investments)			2,476,364,000.00	2,498,223
incl.: investments in banks	1,204,778,000.00			
Land and buildings			644,759,000.00	587,677
Office furniture and equipment			522,405,000.00	469,625
Bonds and notes issued by Commerzbank			83,937,934.80	77,902
nominal amount	79,616,000.00			
Other assets			191,172,595.63	146,253
Deferred items				
a) unamortized debt discount (difference according to Section 250 (3) of the German Commercial Code-HGB)		128,052,582.89		145,708
b) other		60,822,294.93		75,160
			188,874,877.82	220,868
<b>Total Assets</b>			<b>101,108,057,811.14</b>	<b>90,806,959</b>
Total Assets and the rights of recourse accruing to the Bank in respect of the contingent liabilities shown below the line on the liabilities side include				
a) claims on affiliated companies			3,559,137,166.44	3,077,842
b) claims arising from loans falling under Section 15 (1) 1-6 and (2) of the German Banking Act, unless included under a)			232,077,914.47	195,792







# PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECE

Expenses	DM	DM	1986 DM1,000
Interest and similar expenses		3,757,083,647.52	3,451,971
Commissions and similar service charges paid		60,703,828.42	49,675
Write-downs of and adjustments to claims and securities, and additions to provisions for possible loan losses		262,481,184.08	232,151
Salaries and wages		1,281,976,553.39	1,190,830
Compulsory social security contributions		193,740,880.23	178,219
Expenses for pensions and other employee benefits		158,831,610.07	157,270
Other operating expenses		676,157,855.78	656,116
Depreciation on and adjustments to land and buildings, office furniture and equipment		148,944,855.61	125,427
Write-downs of and adjustments to investments (subsidiaries, associated companies, and trade investments)		230,233.00	22,133
<b>Taxes</b>			
a) on income and assets	237,391,370.34		232,489
b) other	2,223,920.23		11,345
		239,615,290.57	243,834
<b>Other expenses</b>		79,604,023.91	83,641
<b>Net income for the year</b>		288,631,209.00	288,224
	<b>Total Expenses</b>	7,148,001,171.58	6,679,491
		DM	1986 DM1,000
<b>Net income for the year</b>		288,631,209.00	288,224
<b>Allocation to revenue reserves</b>			
d) to other revenue reserves		60,000,000.00	60,000
<b>Distributable profit</b>		228,631,209.00	228,224







## Notes on the Parent Bank's Annual Accounts

Except for such instances in which special regulations governing German credit institutions set up as stock corporations took primacy, the Parent Bank's Annual Accounts and Financial Statement as at December 31, 1987 have been drawn up and presented according to the changes effected as per January 1, 1986 in both the German Commercial Code (HGB) and the Stock Corporation Act (AktG) through the application of the German Accounting Directives Act.

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

	Investments*)	(incl.: in banks)	Land and buildings	Office furniture and equipment	(incl.: intangible assets)
	in DMm	in DMm	in DMm	in DMm	in DMm
Book value as of Jan. 1, 1987	2,498.2	1,175.4	587.7	469.6	-
Additions	+257.5	+29.6	+75.7	+192.7	+3.0
Reclassifications	-	-	- 0.2	- 1.9	-
Disposals	-279.1	-	- 3.7	- 3.8	-
Write-downs/depreciation	- 0.2	- 0.2	-14.7	-134.2	-0.6
Book value as of Dec. 31, 1987	2,476.4	1,204.8	644.8	522.4	2.4

\*) subsidiaries, associated companies and trade investments.

In respect of credit institutions in which it owns a majority, Commerzbank AG, in proportion to its equity share, ensures that they are able to meet their liabilities.

Minor-value items bought in 1987 worth DM13.3m are included in both the additions to and the depreciation on office furniture and equipment.

## Capital and reserves

### Profit-sharing certificates outstanding

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

### Share capital

At end-1986, the share capital (subscribed capital) had amounted to DM1,037.7m; the following changes occurred over the year under review:

In June, 1987, the Bank made use of an authorization by the Annual General Meeting of May 18, 1984 to increase its capital in order to issue shares to the staff—under which authorization an amount of DM12.9m had remained unused at the end of 1986—by augmenting, with the agreement of the Supervisory Board, the share capital by DM2,237,200 through the issue of DM50 nominal shares at a subscription price of DM261 each.

Further conditionally authorized increases of the share capital were effected as follows: 125 DM50 nominal shares were subscribed to at a price of DM211 each by the holders of warrants previously attaching to 3.5% DM bonds with warrants issued in 1978 by the Luxembourg subsidiary, Commerzbank International S.A., and 90 DM50 nominal shares were subscribed to at a price of



DM167 each by the holders of warrants previously attaching to 7% US\$ bonds with warrants issued in 1983 by the same subsidiary. Another 264 DM50 nominal shares were subscribed to at a price of DM140 each by the holders of warrants previously attaching to 8% DM bonds with warrants issued in 1984 by the Parent Bank.

### **Authorized capital increases**

At the balance sheet date, there remained unused authorizations to increase the Bank's share capital by DM10.7m for the issue of shares to its staff and by DM200m for the implementation of a resolution adopted by the Annual General Meeting on May 22, 1987.

### **Conditionally authorized capital increases**

Shown in the balance sheet is a further, aggregate amount of DM282,772,150 conditionally authorized for increases of the Bank's share capital; of this total, DM78,000,000 are earmarked to serve rights from an issue of bonds with warrants to be effected at a later stage, in a currency still to be determined, by a wholly-owned foreign subsidiary of Commerzbank. Moreover, DM204,772,150 may be used as follows under subscription rights to be offered to the holders of warrants attaching to the three issues listed below:

DM 24,993,750 to serve rights from the 3.5% 1978/1988 DM bonds with warrants issued by Commerzbank International S.A., Luxembourg; option rights to be exercised by June 30, 1988; current level of option-based share subscription price: DM211 per DM50 nominal share.

DM 59,991,150 to serve rights from the 7% 1983/1988 US\$ bonds with warrants issued by Commerzbank International S.A., Luxembourg; option rights to be exercised by May 31, 1988; current level of option-based share subscription price: DM167 per DM50 nominal share.

DM119,787,250 to serve rights from the 8% 1984/1989 DM bonds with warrants issued by the Parent Bank, Commerzbank AG; option rights to be exercised by June 15, 1989; current level of option-based share subscription price: DM140 per DM50 nominal share.

In addition, there is an authorization—by the Annual General Meeting of May 22, 1987—to increase the Bank's share capital by up to DM90,000,000 conditional upon the granting of option rights to the holders of warrants to be attached to bonds with warrants still to be issued by April 30, 1992. The Board of Managing Directors is authorized to effect the entry into the Commercial Register covering the corresponding change to the Bank's statutes only if and when it intends to float these paper. No entry into the Commercial Register concerning such a change of the Bank's statutes has so far been applied for.



### Reclassification of reserves

A total of DM1,938.9m formerly included in the legal reserve (which item was shown at DM1,944.9m as at December 31, 1986) has been reclassified and now appears under the heading of *capital reserve*, following the becoming effective on September 14, 1987, of the amended version of the directive on the format for the presentation of credit institutions' annual accounts. Subject to such reclassification were reserves originally formed as a contra item for the recovery claims on Federal and Länder authorities conceded to Commerzbank under German post-war currency reform acts, to the extent that these reserves still existed, and premia from earlier capital increases. During the year under review, the latter produced altogether DM9.5m of premia which were added to the capital reserve.

Of the reserves shown as per December 31, 1986 that stemmed from allocations from the net income of previous years, DM895.0m were regrouped as *revenue reserves*, namely DM6.0m under *legal reserve* and DM889.0m under *other revenue reserves*. The latter were augmented by DM60.0m through an allocation from the net income achieved in the past financial year.

Including this addition to reserves, the Bank's equity capital at end-1987 was made up as follows:

Capital and reserves		
in DMm	1987	1986
Profit-sharing certificates outstanding	425.000	425.000
Subscribed capital	1,039.965	1,037.704
Capital reserve	1,948.386	1,938.890
Revenue reserves		
a) legal reserve	6.000	6.000
b) other revenue reserves	949.000	889.000
Total	4,368.351	4,296.594

### Contingent liabilities not revealed in balance sheet

Commitments for uncalled payments on shares in stock corporations (AG) and in private limited liability companies (GmbH) issued but not fully paid amounted to DM33.4m, while similar liabilities for shares in cooperatives were DM0.5m. In addition the Bank may, under Section 24 of the German Private Limited Liability Companies Act (GmbHG), be held responsible for possible defaults on such calls by other shareholders.

In respect of its holding in Liquiditäts-Konsortialbank GmbH, the "lifeboat" institution of the German banking industry, the Bank is responsible for the payment of assessments of up to DM33.9m. Moreover, the Bank is jointly and severally liable under guarantee for any assessments payable by the member banks of Bundesverband deutscher Banken e.V. (Federation of German Banks) up to a total of DM245.1m.

Under Section 5 (10) of the statutes of the German banks' Deposit Insurance Fund, the Bank undertook to relieve the Federation of



German Banks of any losses it may incur in respect of actions taken for the benefit of domestic banks in which Commerzbank holds a majority interest.

On the balance sheet date, DM2,123.6m of our securities holdings were pledged as collateral in short-term fund-raising operations, including under repurchase agreements with the Deutsche Bundesbank.

The Bank's foreign operations make it necessary under the laws of certain countries to furnish government bodies with security; this meant that a further DM1,629.4m of the Bank's assets were tied by liens held.

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

In order to offer shares for subscription to our staff, the Bank's share capital in the year under review was increased by DM2,237,200 nominal through the issue of DM50 nominal shares at a price of DM261 each. In addition, we purchased 296 of our own shares at an average price of DM283.21 per DM50 nominal share and sold 45,040 of our own shares to employees of the Bank, of its subsidiaries, and of affiliated companies at a preferential price of DM160 per DM50 nominal share.

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

by us of 1,093,767 Commerzbank shares (bearer shares at a face value of DM50) to a total nominal value of DM54,688,350,

and by companies controlled or majority-owned by the Bank of 2,632 Commerzbank shares to a total nominal value of DM131,600.

The weighted average buying price of these shares was DM267.72; they were sold at an average resale price of DM267.82, computed in the same way.

The proceeds from these transactions were reallocated to working funds. The highest number of Commerzbank shares in our possession on one specific day in 1987 was 25,016—of a total nominal value of DM1,250,800—representing 0.1% of our share capital at that date. Neither the Bank itself nor any companies controlled or majority-owned by it held Commerzbank shares at the balance sheet date.

Collateral furnished by borrowing customers as security included:

207,616 Commerzbank shares of a total nominal value of DM10,380,800, pledged to us, and

23,610 Commerzbank shares of a total nominal value of DM1,180,500, pledged to companies controlled or majority-owned by the Bank.



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

#### Supervisory Board

Paul Lichtenberg Chairman	Fritz Losukow Dr. Otto Ranft
Hans-Georg Jurkat Deputy Chairman	Toni Schmücker Professor
Karin Behrens	Dr. Matthias Seefelder
Reinhold Borchert	Hans-Georg Stritter
Heinz-Werner Busch	Dr.-Ing. Hanns Arnt Vogels
Dr. Rolf Darmstadt	Rudolf Weingärtner
Brigitta Dorn	Dipl.-Ing. Heinrich Weiss
Hans-Joachim Fuhrmann	Dr. Gerd Wollburg
Dr. Uwe Haasen	Wolfgang Ziemann
Professor Dr.-Ing. Dr. h.c. Kurt Hansen	

#### Board of Managing Directors

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

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

The remuneration paid in and still to be paid for 1987 to the Bank's Managing Directors amounted to DM10,050,702.32. Retired Managing Directors or their surviving dependents received DM6,093,192.64. Payments to members of the Supervisory Board totalled DM1,435,816, and those to members of the Central Advisory Board DM503,880. Members of the Regional Advisory Councils were paid DM1,281,932.

At end-1987, provisions for pensions for retired Managing Directors or their surviving dependents totalled DM47,569,272; this amount fully covers our pension commitments towards this group.



**Average number of staff  
employed by Parent Bank during respective year**

Full-time figures*)	1987			1986		
	total	male	female	total	male	female
West Germany	20,046	10,504	9,542	19,200	10,104	9,096
abroad	835	444	391	766	412	354
	20,881	10,948	9,933	19,966	10,516	9,450

\*) including the part-time workers listed below, at a rate of 63% of the standard working time that corresponds to the average time actually worked by them during both years.

Persons on part-time	total	male	female	total	male	female
West Germany	1,886	70	1,816	1,884	60	1,824
abroad	10	–	10	10	–	10
	1,896	70	1,826	1,894	60	1,834

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

Apprentices	total	male	female	total	male	female
	2,025	1,068	957	1,930	1,020	910

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

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

Name of company	Domicile	Share of capital held by Commerzbank in %	Share capital in 1,000 of stated currency	Result in 1,000
<b>Companies included in the consolidation</b>				
RHEINHYP Rheinische Hypothekenbank Aktiengesellschaft	Frankfurt	95.6	DM 732,424	60,900
Berliner Commerzbank Aktiengesellschaft	West Berlin	100.0	DM 284,000	39,500
Commerz-Credit-Bank Aktiengesellschaft Europartner	Saarbrücken	65.0	DM 48,000	4,000
von der Heydt-Kersten & Söhne	Wuppertal-Elberfeld	100.0	DM 10,000	1,733
Ilseder Bank, Sandow & Co.	Peine	100.0	DM 7,500	720
C. Portmann	Frankfurt	100.0	DM 1,500	98
Commerzbank International S.A.**)	Luxembourg	100.0	DM 378,400	45,000
Commerzbank (Nederland) N.V.	Amsterdam	100.0	Dfl 62,718	337
Commerzbank (South East Asia) Ltd.	Singapore	100.0	S\$ 67,400	12,386
Commerzbank (Switzerland) Ltd	Zurich	100.0	Sfr 27,700	2,190
CB Finance Company B.V.	Amsterdam	100.0	Dfl 1,100	6,743
Commerzbank Overseas Finance N.V.***)	Curaçao	100.0	DM 213	4,871
Commerzbank U.S. Finance, Inc.	Wilmington/Del.	100.0	US\$ 10	3
Atlas-Vermögensverwaltungs-Gesellschaft m.b.H.	Düsseldorf	100.0	DM 100	0*)
Aussenhandel-Förderungsgesellschaft mbH	Düsseldorf	100.0	DM 98	1



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

Name of company	Domicile	Share of capital held by Commerzbank in %	Share capital in 1,000 of stated currency	Result in 1,000
Commercium Vermögensverwaltungs-GmbH	Hamburg	100.0	DM 70	0*
Berliner Commerz Beteiligungsgesellschaft mbH***)	West Berlin	100.0	DM 2,000	0*
Berliner Commerz Grundstücks- und Verwaltungsgesellschaft mbH***)	West Berlin	100.0	DM 100	0*
Casia Grundstücks-Vermietungs- und Verwaltungsgesellschaft mbH***)	Düsseldorf	95.6	DM 50	0*
Commerzbank Investment Management Gesellschaft mit beschränkter Haftung	Frankfurt	100.0	DM 6,000	316
Commerz Beteiligungsgesellschaft mbH**)	Bad Homburg v. d. H.	100.0	DM 250	2
Commerz International Capital Management Gesellschaft mbH	Frankfurt	100.0	DM 10,000	100
Commerz- und Industrie-Leasing GmbH	Frankfurt	100.0	DM 10,200	0*
Commerz- und Industrie-Leasing Berlin GmbH***)	West Berlin	100.0	DM 550	0*
GERAP Grundbesitz- und Verwaltungsgesellschaft mbH	Frankfurt	95.0	DM 27	0*
Hamburgische Grundstücks Gesellschaft m.b.H.	Hamburg	100.0	DM 140	0*
Immobilien- und Wohnungs-Gesellschaft mbH	Hamburg	100.0	DM 84	0*
L.I.A. Leasinggesellschaft für Immobilien und Anlagegüter mbH**)	Frankfurt	100.0	DM 1,500	0*
Norddeutsche Immobilien- und Verwaltungs-GmbH***)	Hamburg	100.0	DM 50	0*
Westboden Bau- und Verwaltungsgesellschaft Mannheim mbH***)	Mannheim	95.6	DM 100	0*
<b>Companies not included in the consolidation</b>				
Flender Werft Aktiengesellschaft	Lübeck	68.9	DM 30,500	-1,500 <sup>3)</sup>
Handelsgest S.A.R.L.**)	Luxembourg	100.0	DM 11,400	76 <sup>3)</sup>
Indugest S.A.R.L.**)	Luxembourg	100.0	DM 25,435	984

**Further holdings in German financial institutions**

Name of company	Domicile	Share of capital held by Commerzbank in %	Share capital in 1,000 of stated currency	Result in 1,000
ADIG Allgemeine Deutsche Investment-Gesellschaft mbH	Munich/Frankfurt	29.2	DM 20,100	7,029
AKB Auto Kredit Bank Aktiengesellschaft	Hamburg	40.0	DM 64,225	0 <sup>3)</sup>
Deutsche Grundbesitz-Investmentgesellschaft mbH	Frankfurt	25.0	DM 19,162	1,736
Deutsche Schiffsbeleihungs-Bank Aktien-Gesellschaft	Hamburg	28.5	DM 76,000	0 <sup>3)</sup>
Liquidations-Casse in Hamburg Aktiengesellschaft	Hamburg	25.0	DM 2,315	165 <sup>3)</sup>



### Further holdings in other German companies

Name of company	Domicile	Share of capital held by Commerzbank in %	Share capital in 1,000 of stated currency	Result in 1,000
Almüco Vermögensverwaltungs-gesellschaft mbH –has holding of at least 20% in each Francommerz Vermögensverwaltungs-gesellschaft mbH, Frankfurt, and Heidelberger Druckmaschinen AG, Heidelberg–	Munich	25.0	DM 149,248	15,042
ALSTER Beteiligungsgesellschaft mbH & Co. KG	Frankfurt	20.0	–	–
AV America Grundbesitz-verwaltungsgesellschaft mbH	Frankfurt	25.0	DM 50,325	20 <sup>3)</sup>
CGT Canada Grundbesitz Treuhand GmbH	Frankfurt	20.0	DM 100	–1 <sup>1)</sup>
Codema International GmbH <sup>***)</sup>	Frankfurt	50.0	DM 750	228 <sup>3)</sup>
Commerzbank Aktiengesellschaft von 1870 <sup>++)</sup>	Hamburg	37.9	RM 100,000	0
Commerz Unternehmens-beteiligungs-Aktiengesellschaft	Frankfurt	50.0	DM 19,885	–115
Deutsche Canada-Grundbesitz-verwaltungsgesellschaft mbH	Frankfurt	20.0	DM 100	–62 <sup>2)</sup>
Deutsche Gesellschaft für Anlage-verwaltung mit beschränkter Haftung –has holding of at least 20% in Horten AG, Düsseldorf–	Frankfurt	25.0	DM 221,805	21,755 <sup>3)</sup>
Deutsche Gesellschaft für Immobilienanlagen „America“ mbH	Bad Homburg v. d. H.	25.0	DM 86,584	20 <sup>3)</sup>
Deutsche Grundbesitz Anlagegesellschaft m.b.H.	Frankfurt	25.0	DM 3,350	–10
Deutsche Immobilien Leasing GmbH	Düsseldorf	50.0	DM 36,250	0 <sup>3)</sup> +
Francommerz Vermögensverwaltungsgesellschaft mbH –has holding of at least 20% in Hochtief AG vorm. Gebr. Helfmann, Essen–	Frankfurt	40.0	DM 178,000	12,011
Frega Vermögensverwaltungsgesellschaft mbH –has holding of at least 20% in Linotype AG, Eschborn–	Frankfurt	40.0	DM 198,750	–1,982
GADES Grundstücks-Vermietungs-gesellschaft mbH & Co. KG	Düsseldorf	49.0	–	–
Gesellschaft für Kreditsicherung mbH	Cologne	26.7	DM 300	208 <sup>3)</sup>
Hostra Beteiligungsgesellschaft mbH –has holding of at least 20% in Industriekreditbank AG–Deutsche Industriebank, Düsseldorf–	Düsseldorf	33.3	DM 160,389	8,833
Karstadt Aktiengesellschaft	Essen	25.0	DM 1,365,000	82,600 <sup>3)</sup>
Kautex-Bayern GmbH, Kunststoffwerk (founded 1987) <sup>***)</sup>	Mallersdorf	40.0	DM 6,000	–
Kistra Beteiligungsgesellschaft mbH –has holding of at least 20% in Hutschenreuther AG, Selb–	Frankfurt	25.0	DM 52,766	2,171 <sup>3)</sup>
KVH Kreditverwaltungsgesellschaft Hamburg mbH	Hamburg	40.0	DM 97	–3 <sup>3)</sup>
Partner Immobiliendienst GmbH <sup>***)</sup>	Wiesbaden	24.0	DM 5,520	129 <sup>3)</sup>
Regina Verwaltungsgesellschaft mbH –has holding of at least 20% in MAN AG, Munich–	Munich	25.0	DM 504,885	20,307 <sup>3)</sup>
Roßma Beteiligungsgesellschaft mbH –has holding of at least 20% in each Bavaria Filmkunst GmbH, Munich, and Didier Werke AG, Wiesbaden–	Frankfurt	40.0	DM 56,200	3,674 <sup>3)</sup>
Stella Automobil-Beteiligungsgesellschaft mbH –has holding of at least 20% in Mercedes-Automobil Holding AG, Frankfurt–	Munich	25.0	DM 523,388	31,922
Treuhand- und Holdinggesellschaft mbH –has holding of at least 20% in Deutsche Warentreuhand-AG, Hamburg–	Frankfurt	50.0	DM 141	70 <sup>3)</sup>



**Further holdings in other German companies**

Name of company	Domicile	Share of capital held by Commerzbank in %	Share capital in 1,000 of stated currency	Result in 1,000
Vermietungsgesellschaft SÜD für SEL-Kommunikationsanlagen mbH	Stuttgart	50.0	DM 3,100	537 <sup>3)</sup>
Hans Wiebe Textil Aktiengesellschaft****)	West Berlin	20.9	DM 38,227	3,638 <sup>3)</sup>

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

Name of company	Domicile	Share of capital held by Commerzbank in %	Share capital in 1,000 of stated currency	Result in 1,000
Commerz Securities (Japan) Company Ltd.	Hong Kong/Tokyo	50.0	HK\$ 152,833	- 326
EuroPartners Securities Corporation	New York	40.0	US\$ 10,147	1,342
UBAE Arab German Bank S.A.	Luxembourg/Frankfurt	25.1	DM 54,000	2,000 <sup>3)</sup>
Korea International Merchant Bank	Seoul	20.0	won 16,074,000	6,178,691
Europartners Holding S.A.**)	Luxembourg	33.3	Lfr 15,705	5,368 <sup>3)</sup>

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

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

\*\*\*\*) held wholly indirectly;

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

++) in liquidation.

All data refer to 1987 if not otherwise stated;

1) latest available annual statement as of Sept. 30, 1986;

2) latest available annual statement as of Oct. 31, 1986;

3) latest available annual statement as of Dec. 31, 1986.

THE BOARD OF MANAGING DIRECTORS

Düsseldorf, March 8, 1988

Seipp Coenen Frowein Hochheuser

Knappertsbusch Kohlhausen Müller-Gebel Reimnitz

Richolt Ruedorffer Spiegel Terrahe

**Auditors' Certificate**

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

Frankfurt, March 15, 1988

TREUARBEIT  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft

Windmüller  
Wirtschaftsprüfer  
(German public accountant)

Kieser  
Wirtschaftsprüfer  
(German public accountant)



## Report of the Supervisory Board

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

The Supervisory Board fulfilled its duties both in full session and through its committees. Considered in full session were above all matters with a fundamental bearing on the Bank's business policy and those relating both to the development of its balance sheet and to its earnings performance. Reports on the progress of the Bank's business were regularly submitted to the Presiding Committee of the Supervisory Board, which took up items of significance with the Board of Managing Directors. The Loans Committee discussed all lending commitments for which their approval is required either by law or by the Bank's statutes, and also those involving an enhanced degree of risk. The Social Welfare Committee treated basic matters concerning the staff.

The Parent Bank's Annual Accounts, Financial Statement, and Legally Prescribed Report, together with the books of account for the period from January 1 to December 31, 1987, have been examined by the auditors, Treuarbeit Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, West Berlin/Frankfurt, and certified without qualification. The Supervisory Board has signified its agreement with the results of the audit. It has examined the Bank's Annual Accounts, Financial Statement, and Legally Prescribed Report, and the proposal of the Board of Managing Directors as to the appropriation of the distributable profit, and has found no cause for objection.

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

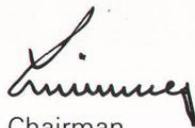
It has also reviewed the Consolidated Accounts, Financial Statement and Report, and the report of the Group's auditors which carries their unqualified, legally prescribed certification.

Mrs. Karin Behrens—who as a representative of the employees had served on the Supervisory Board since 1971, since 1978 also on its Presiding Committee—passed away on February 7, 1988. The Supervisory Board mourns a member whose years of service were marked by pertinent knowledge, circumspection and consciousness of the Bank's overall interests. In her stead, Mr. Horst Muthig, up to now a replacement member of the Supervisory Board, is serving as a full member.

The current period of service of all members of the Supervisory Board will end on May 26, 1988 with the close of the Annual General Meeting, during which those members representing the shareholders will be newly appointed. The election procedure for appointing the future representatives of the employees is to be concluded on April 28, 1988.

Düsseldorf, April 12, 1988

The Supervisory Board



Chairman







## Notes on the Consolidated Annual Accounts

Despite the upheavals in the financial markets, the Commerzbank Group during the year under review achieved a satisfactory operating result. Much of it was again used for an increased covering of individual risks attaching to both specific doubtful credits and problem countries. The consolidated net income for the year, left after taxes on income, rose by DM15m to reach DM423m. From this, a total of DM176m will be allocated to the Group's revenue reserves.

At end-1987, the Group's balance sheet total stood at DM161.7bn and its business volume—which, in addition, includes endorsement liabilities on rediscounted bills—at DM163.9bn. This represents respective growth figures of DM13.6bn and DM13.1bn, or of roughly 9% for either. The Parent Bank, Commerzbank AG, contributed to the rise in the Group's business volume by a 10.6% expansion, while the West Berlin subsidiary, Berliner Commerzbank AG, and the mortgage lending arm, RHEINHYP, boosted their volume of business by 13.9% and 7.7%, respectively. Due to the fall of the US dollar, in particular, the foreign banking subsidiaries included in the consolidation just managed to maintain their business volumes in DM terms.

The Group's more broadly defined business volume, which also comprises contingent liabilities from guarantees—including those for bills and cheques—and from indemnity agreements, was up by DM13.9bn, or 8.7%, to DM174.3bn.

Companies affiliated to Commerzbank Aktiengesellschaft in accordance with Section 271 (2) of the German Commercial Code (HGB) are listed in a table included in the Notes on the Parent Bank's Annual Accounts. There was no change in the year under review as regards the companies included in the consolidation. On pages 86 to 97 of this Report—i.e. following the consolidated profit and loss statement—we report on the business objectives, the performance and the capital resources of our major subsidiaries, namely:

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

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

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

Commerz-Credit-Bank Aktiengesellschaft  
Europartner, Saarbrücken,

closed the year under review with a balance sheet total of DM1,351m, representing a rise of 3.2% on end-1986. From the net income for the year remaining after discernible risks had been provided for, a total of DM2m was allocated to other revenue reserves. The bank's liable equity is thus now made up of DM34m of reserves and a DM14m share capital. Its dividend amounted to an unchanged 14%.



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

for their lending raise long-term funds in the Euromarkets and also in other foreign capital markets. At the closing date, these two companies had launched bonds and notes equivalent to altogether DM4.7bn, proceeds from which were deposited with the Parent Bank and both the Luxembourg and Singapore subsidiaries, Commerzbank International S.A. and Commerzbank (South East Asia) Ltd. By ceding to fiduciary trustees the claims arising to them from the funds passed on, the two financing companies provided the creditors of some of the issues with collateral. In the case of the other issues, the Parent Bank and, in one case, the Luxembourg subsidiary acted as guarantors. With one exception, fiduciary trustees have been brought in to protect the rights of the creditors even for such issues as had guarantee cover.

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

serves the Parent Bank as a funding arm in the US money markets and had, by the end of the year under review, passed on to it the equivalent of almost DM1.5bn raised through the issue of commercial paper. The subsidiary's obligations are fully guaranteed by the Parent Bank.

The operations of the two limited partnerships

von der Heydt-Kersten & Söhne, Wuppertal-Elberfeld, and  
Ilsecker Bank, Sandow & Co., Peine,

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

C. Portmann, Frankfurt,

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

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

who are engaged in the leasing of moveable goods, continued to expand their business in the year under review. The profit of the Frankfurt-based company, which was transferred to the Parent Bank, was up by a good tenth on the preceding year's level. The Berlin-based company also achieved a sizeable profit, which it passed on to its parent, Berliner Commerzbank.

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

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



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

Commerzbank Investment Management  
Gesellschaft mbH, Frankfurt,

acts as a management company for 110 closed-end, not-publicly-offered investment funds whose total assets at the balance sheet date amounted to DM6.2bn. The company's share capital was raised by DM4m to DM6m in the year under review.

Commerz-Beteiligungsgesellschaft mbH and  
Commerz International Capital Management  
Gesellschaft mbH,

are based in Frankfurt. The former and Berliner Commerz Beteiligungsgesellschaft mbH, maintained locally by the West Berlin subsidiary, both acquire stakes in small and medium-sized companies and thus provide them with share capital, to allow them to strengthen their equity base in order to cope with, or prepare for, rising sales, planned investments, the withdrawal of shareholders or partners, or a stock exchange introduction.

Commerz International Capital Management Gesellschaft looks after foreign institutional investors whom it assists with the management of their assets on a worldwide scale. The company operated successfully during its first full year of activity.

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

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

Flender Werft Aktiengesellschaft, Lübeck,

has not been included in the consolidation, since this shipbuilding company is not under the Group's managerial control. Flagging demand for aggregate shipping tonnage led the company in the year under review further to curtail its newbuilding capacity by again reducing its personnel accordingly. It managed to keep its remaining staff largely employed thanks to the completion of a floating dock ordered by Cameroon and to a gratifying rise in receipts from both ship repairs and construction projects unrelated to shipbuilding. Yet an annual loss of DM2m must be anticipated for financial 1987.



In the meantime, however, employment of capacity has been secured up to mid-1990 by taking in orders to build two container vessels and two cruise liners.

Nonetheless, it is not without concern that we view future developments since the worldwide imbalance between demand for vessels and available shipyard capacity continues unabated. Moreover, the pressure on German shipbuilders from both their competitors in the Far East and in other countries—which rival each other in terms of subsidies—is as strong as before, so that no perceptible easing of the market situation is in sight.

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

#### **Principles of consolidation**

Commerzbank's consolidated annual accounts and financial statement as at December 31, 1987 were still drawn up pursuant to Sections 329 ff. of the German Stock Corporation Act (AktG) in its former version (valid up to December 31, 1986). Structuring of the consolidated accounts has been effected in accordance with the format for the presentation of the annual accounts of German banks—set up as stock corporations—as laid down in the revised version of September 14, 1987, of the respective regulation of December 20, 1967. Having included a mortgage bank in the consolidation, we use an amplified version of the standard format to present our balance sheet.

For all companies included in the consolidation, the financial years coincide with the calendar year. The accounts of the foreign members of the Group in Amsterdam, Singapore, Wilmington/Del. and Zurich, which are drawn up in local currency, have been converted at the official Frankfurt middle rates on the balance sheet date. All other—domestic and foreign—companies included in the consolidation have drawn up their accounts in D-marks. Assets and liabilities throughout the Group have been valued on a uniform basis in accordance with the principles of the German Stock Corporation Act (AktG).

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

Intra-Group balances included in any of the asset and liability items have been eliminated in the consolidated balance sheet, as have similar income and expenses in the Group's profit and loss account and intra-Group book gains that had occurred in 1987.



Investment income from consolidated companies received in 1987 in respect of 1986 has been included in the profit brought forward, while tax credits received have been deducted from investment income and from the Group's tax expenditure. The profit brought forward was reduced due to the elimination of intra-Group profits from the consolidation in previous years.

### **Consolidated balance sheet total**

At DM161,731m, the consolidated balance sheet total was DM13,581m up on the preceding year's figure, exceeding the total assets of the Parent Bank by DM60,623m (1986: by DM57,343m).

The Parent Bank accounts for 58.3% of the assets entering into the Group's balance sheet total before elimination of intra-Group balances, as compared with 57.2% in the previous year, and the consolidated commercial banks for 16.4% (17.5% in 1986). A further 21.0% relates to the mortgage lending subsidiary, RHEINHYP, and 4.3% to other companies.

## **Assets**

### **Liquidity**

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

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

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

Securities holdings within the Group were slightly higher at DM12,239m, a rise of DM782m. The combined volume of Treasury bills and discountable Treasury notes was reduced by DM567m to DM1,551m.

Bonds and notes held by the Group and issued by other than Group members were up by DM762m, the result of a DM1,090m rise in bonds with an original life of more than four years and of a DM328m decline in those with shorter lives. Shown in the consolidated balance sheet at an unchanged amount of DM770m are paper issued by Group members.

Holdings of other securities went up by DM20m to DM857m.



### Lending

The Group expanded its lending to other banks and to customers (excluding both loans on a trust basis and guarantees) by DM6,302m to DM108,970m in 1987. This represents a rise of 6.1%, as against 8.2% in 1986. With the Parent Bank's loan volume up by 5.9%, growth at Group level mainly related to the stepped-up credit business of the mortgage lending and both the West Berlin and the Luxembourg banking subsidiaries. Short-term money-market transactions with other banks were increased from DM26.1bn to DM32.5bn; such interbank business is not considered to be part of our lending operations.

The structure of and the changes within our loan portfolio are illustrated in the table below:

Changes in Group's lending						
	Year-end, 1987		Year-end, 1986		Change	
	DMm	%	DMm	%	DMm	%
Loans to customers						
a) short and medium-term	28,912	26.5	29,381	28.6	- 469	- 1.6
b) long-term (four years or more)	30,014	27.6	27,312	26.6	+2,702	+ 9.9
Sub-total	58,926	54.1	56,693	55.2	+2,233	+ 3.9
Long-term mortgage and communal loans of mortgage bank subsidiary						
a) to customers	27,663	25.4	25,967	25.3	+1,696	+ 6.5
b) to banks	4,002	3.7	3,414	3.3	+ 588	+17.2
Sub-total	31,665	29.1	29,381	28.6	+2,284	+ 7.8
Bills discounted	5,789	5.3	5,043	4.9	+ 746	+14.8
Claims on banks						
a) short and medium-term	6,039	5.5	5,640	5.5	+ 399	+ 7.1
b) long-term (four years or more)	5,550	5.1	5,207	5.1	+ 343	+ 6.6
Sub-total	11,589	10.6	10,847	10.6	+ 742	+ 6.8
Leasing equipment	1,001	0.9	704	0.7	+ 297	+42.2
Total lending	108,970	100.0	102,668	100.0	+6,302	+ 6.1

Excluding lending by the mortgage bank subsidiary, credits to customers rose by DM2.2bn to DM58.9bn for the Group as a whole, with advances at short and medium-term slightly lower at DM28.9bn. Long-term loans were up 9.9% to DM30.0bn. We once more increased the volume of bills discounted, by 14.8% to DM5.8bn.

The overall longer-term lending of our mortgage bank subsidiary, RHEINHYP, grew at an almost unchanged rate of 7.8% to reach DM31.7bn. Of this, one-half each was accounted for by mortgage loans and by credits to local governments and authorities.



Interbank lending at Group level was boosted by 6.8% to DM11.6bn, with the 7.1% expansion in short and medium-term advances differing only slightly from that in long-term loans at 6.6%.

Overall, there was another rise, from 31.7% to 32.7%, in the share of longer-term credits by the commercial banks within the Group in the latter's total lending. With the proportion of—likewise longer-term—mortgage loans having also gone up slightly to 29.1%, that of short and medium-term advances (including bills discounted) amounted to 37.3% at the balance sheet date, down from 39.0% at end-1986. Leasing operations, which are also part of the credit business in the broader sense, reached DM1.0bn and accounted for 0.9% of the Group's total lending.

### Fixed assets

After elimination of holdings in consolidated companies, the Group's fixed assets stand at DM2,876m (DM2,769m in 1986), comprising holdings in unconsolidated companies (investments) of DM1,492m, land and buildings at DM814m, and office furniture and equipment at DM570m.

Changes in "investments" that were of significance occurred only at the Parent Bank; they are reported on above in the Report on the Bank's performance (cf. page 51 of this Report).

## Liabilities and shareholders' equity

### Total deposits and borrowed funds

In 1987, the Group's total deposits and other borrowed funds increased by DM13,183m to DM153,511m. At year-end, they were made up as follows:

Changes in Group's borrowing							
	Year-end, 1987		Year-end, 1986		Change		
	DMm	%	DMm	%	DMm	%	
Liabilities to banks							
a) demand deposits	4,815	3.1	6,116	4.3	- 1,301	-21.3	
b) time deposits	39,855	26.0	33,092	23.6	+ 6,763	+20.4	
Sub-total	44,670	29.1	39,208	27.9	+ 5,462	+13.9	
Customers' deposits							
a) demand deposits	13,815	9.0	14,310	10.2	- 495	- 3.5	
b) time deposits	36,660	23.9	30,646	21.9	+ 6,014	+19.6	
c) savings deposits	15,121	9.8	14,224	10.1	+ 897	+ 6.3	
Sub-total	65,596	42.7	59,180	42.2	+ 6,416	+10.8	
Acceptances outstanding	1,464	1.0	1,616	1.2	- 152	- 9.4	
Bonds issued							
by commercial banks within Group	9,892	6.4	10,421	7.4	- 529	- 5.1	
by mortgage bank subsidiary	31,889	20.8	29,903	21.3	+ 1,986	+ 6.6	
Sub-total	41,781	27.2	40,324	28.7	+ 1,457	+ 3.6	
Total deposits and borrowed funds	153,511	100.0	140,328	100.0	+13,183	+ 9.4	



There were small year-on-year changes in the percentage shares falling to the different kinds of borrowing in the total of borrowed funds. This restructuring was the result of above-average growth of both deposits by other banks and by customers, which were up by DM5.5bn and DM6.4bn, respectively. The volume of bonds issued by Group members only rose by DM1.5bn—translating into a reduction to 27.2% from 28.7% of their share in the total of funds raised—to DM41.8bn. DM31.9bn of this amount was accounted for by paper of our mortgage bank subsidiary, which included DM12.5bn of mortgage bonds and DM17.2bn of communal bonds. The aggregate funds deposited by customers are shown at DM65.6bn, with the share of savings deposits in the total down from 24.0% to 23.0%, while that of time deposits went up from 51.8% to 55.9%. At year-end, savings deposits were shown at DM15.1bn and time deposits at DM36.7bn, respectively.

#### **Other liabilities**

After additions of DM134m, provisions reached DM1,975m.

Actuarial computation required a DM69m rise in provisions for pensions which thus reached DM1,066m in the balance sheet at end-1987.

Provisions for other purposes, which are shown at DM909m, relate in the main to possible loan losses, to taxes, to year-end bonuses only payable in 1987, to other liabilities of uncertain amount, and to such pension commitments as can be expected to fall due in the future—on the basis of the normal entry age method—in the case of employees opting for early retirement under a scheme collectively agreed in 1984. They also concern those portions of the global allowances for recourse claims which are to cover risks attaching to guarantees not given accounting recognition, so that these allowances could not be set off against any of the asset items.

#### **Capital and reserves**

The Parent Bank's equity capital as defined by Section 10 of the German Banking Law (KWG) rose to DM4,368m. A capital increase, effected in June 1987 to issue shares to the staff, and the exercising of share subscription rights from warrants resulted in an addition of DM2m to the share capital and in an allocation of DM10m to the capital reserve. An unchanged DM60m was allocated to other revenue reserves from the consolidated net income for the year.

The consolidation difference as defined in Section 331 (1)3 of the German Stock Corporation Act/AktG (in its former version, valid up to December 31, 1986) corresponds to the excess of the book value of the consolidated companies' equity, including their capital and revenue reserves, over the book value of the Parent Bank's investments therein; regarded as revenue reserves and hence representing equity, this item rose by DM84m to DM600m in the year under review. The increase stems from allocations to other revenue reserves by subsidiary banks but does not fully reflect such additions since, owing to the appreciation of the German currency, the D-mark equivalents of the foreign-currency equity capital of some subsidiaries shrank.



Including a total of DM61m of further allocations to the Group's reserves, subject to approval by the 1988 AGMs of consolidated subsidiaries (DM40m in the preceding year), and also including minority shareholder's interests—the latter without the attributable share of profits—of DM49m as of end-1987 (DM56m at end-1986), the Group's equity capital at year-end stood at DM5,078m, as against DM4,908m at end-1986.

### **Contingent liabilities and commitments**

Commitments for uncalled payments on shares in stock corporations (AG) and private limited liability companies (GmbH), issued but not fully paid, amounted to DM34m at the balance sheet date, while similar liabilities for shares in cooperatives were DM1m. Group members may, under Section 24 of the German Private Limited Liability Companies Act (GmbHG), also be held responsible for possible defaults on such calls by other shareholders. Our holding an interest in Liquiditäts-Konsortialbank GmbH may attract a liability for the payment of assessments up to an amount of DM36m, the calling of which is, however, conditional on the passing of an appropriate resolution by the institution's shareholders. Moreover, some Group members are jointly and severally liable for the assessments payable by other members of their banking associations up to an amount of DM243m.

On the balance sheet date, DM2,729m of the Group's securities holdings were pledged as collateral in short-term fund-raising operations, especially under repurchase agreements with the Deutsche Bundesbank. A further DM1,948m of the Group's assets, being used to provide such security as is legally required in some countries, were tied by liens held.

### **Consolidated profit and loss account**

#### **Net income**

Interest and similar income from lending and from money-market transactions and current income from securities, Government-inscribed debt, and investments as shown in the consolidated balance sheet increased by DM360m to DM9,983m. With interest expenditure rising somewhat less, by DM276m to DM7,153m, the Group's net interest and dividend earnings recorded a DM84m, or 3.1%, gain to reach DM2,830m. This figure exceeded current personnel and other operating expenses by DM250m, or 9.7%. The respective 1986 figures were DM327m and 13.5%.

The excess of commissions earned over those paid in respect of services went up by DM14m, or 1.5%, to DM971m.

Receipts from equipment leased are shown at DM278m, up from DM241m in the previous year. With write-downs on such equipment amounting to DM229m, as against DM209m in 1986, net earnings in the leasing business were up from DM32m to DM49m; this figure has been arrived at without allowing for financing costs which have been included in interest expenditure.

After balancing other income, the income from the writing back of provisions, and of the special item with partial reserve character against write-downs of and adjustments to claims and securities (including those relating to investments as shown in the Group's balance sheet), there was a net shortfall of DM254m, compared with one of DM337m the year before.



**Expenditure**

The Group's overall personnel expenditure was DM1,826m, while other operating expenses totalled DM755m. The increase in these costs thus amounted to DM162m, or 6.7%, as against DM248m, or 11.4%, in 1986.

Depreciation on and adjustments to land and buildings, office furniture and equipment were charged at DM169m (1986: DM141m).

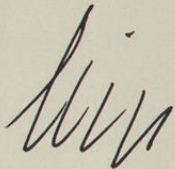
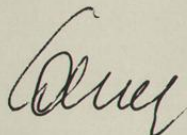

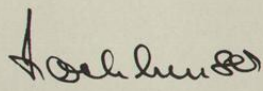
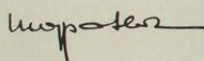
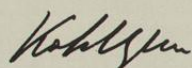
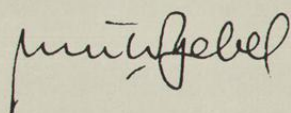
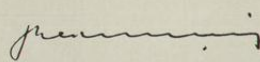
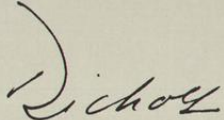
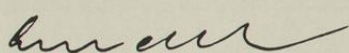
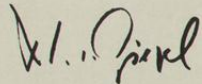
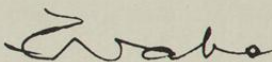
Group taxation totalled DM328m, as against DM331m in the preceding year. This amount includes DM325m for taxes on income and assets, compared with DM318m in 1986.

**Consolidated net income for the year and consolidated profit**

The Group's net income for the year rose from DM408m to DM423m, and the profit brought forward from the previous year was DM29m. The former will be used once again to allocate DM60m to the reserves of the Parent Bank and DM55m to those of consolidated companies. The amount of the profit accruing to minority shareholders is DM2m. The remaining consolidated profit thus amounts to DM335m. Subject to approval by the AGMs of three consolidated companies, a further DM61m is to be allocated to the latter's other revenue reserves from undistributed profits.

The Board of Managing Directors

Düsseldorf, March 8, 1988



CONSOLIDATED ANNUAL ACCOUNTS

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CONSOLIDATED BALANCE SHEET

CONSOLIDATED PROFIT AND LOSS ACCOUNT



# CONSOLIDATED BALANCE SHEET AS AT DEC 31, 1987

Dec 31, 1986

Assets	DM	DM	DM	DM1,000
Cash on hand			419,944,197.24	394,551
Balance with Deutsche Bundesbank			3,833,098,328.03	3,750,684
Balances on postal giro accounts			36,070,168.33	32,680
Cheques, matured bonds, interest and dividend coupons, items received for collection			479,120,747.36	482,845
Bills of exchange			3,661,572,311.14	2,477,203
incl.: a) rediscountable at Deutsche Bundesbank	804,325,310.83			
b) own drawings	245,383,073.85			
Claims on banks				
a) payable on demand		3,532,666,387.82		3,504,675
b) with original periods or periods of notice of				
ba) less than three months		9,685,245,171.33		9,057,231
bb) at least three months, but less than four years		24,734,385,022.94		19,124,283
bc) four years or more		10,113,975,219.41		8,716,136
			48,066,271,801.50	40,402,325
Treasury bills and discountable Treasury notes, issued by				
a) the Federal and Länder Governments		778,869,314.45		1,687,092
b) others		771,954,931.75		431,247
			1,550,824,246.20	2,118,339
Bonds and notes				
a) with a life of up to four years, issued by				
aa) the Federal and Länder Governments	208,061,894.45			
ab) banks	382,694,433.81			
ac) others	420,465,855.36	1,011,222,183.62		1,339,360
incl.: eligible as collateral for Deutsche Bundesbank advances			DM 541,875,479.24	
b) with a life of more than four years, issued by				
ba) the Federal and Länder Governments	2,713,285,035.43			
bb) banks	3,790,074,590.88			
bc) others	3,097,228,622.40	9,600,588,248.71		8,510,641
incl.: eligible as collateral for Deutsche Bundesbank advances			DM4,207,489,598.64	9,850,001
Securities not to be shown elsewhere				
a) shares marketable on a stock exchange and investment fund certificates		649,423,053.52		554,942
b) other		207,992,954.74		281,979
incl.: holdings of more than one-tenth of the shares of a joint-stock or mining company, unless shown as investments			857,416,008.26	836,921
			375,442,332.39	
Claims on customers, with original periods or periods of notice of				
a) less than four years		28,911,669,291.32		29,380,683
b) four years or more		57,676,259,485.39		53,278,949
incl.: ba) secured by mortgages on real estate	19,745,874,742.42		86,587,928,776.71	82,659,632
bb) communal loans	16,753,457,126.31			
Recovery claims on Federal and Länder authorities under post-war currency reform acts			51,194,235.59	55,948
Loans granted and shares held on a trust basis at third party risk			162,870,924.59	139,438
Subsidiaries, associated companies, and trade investments (investments)			1,492,179,321.42	1,522,726
incl.: investments in banks	DM 223,797,374.15			
Land and buildings			814,070,589.82	733,645
Office furniture and equipment			569,986,795.96	512,677
Leasing equipment			1,001,517,150.73	703,870
Bonds and notes issued by consolidated companies			769,859,385.01	770,409
nominal amount	775,017,498.00			
incl.: eligible as collateral for Deutsche Bundesbank advances	322,150,695.64			
Other assets			464,298,217.82	429,317
Deferred items				
a) unamortized debt discount (difference according to Section 156 (3) of the German Stock Corporation Act-AktG*)		161,531,817.93		179,147
b) other		139,811,619.89		97,850
			301,343,437.82	276,997
<b>Total Assets</b>			<b>161,731,377,075.86</b>	<b>148,150,208</b>
<b>Total Assets and the rights of recourse accruing to the Bank in respect of the contingent liabilities shown below the line on the liabilities side include</b>				
a) claims on affiliated companies			95,764,651.76	367,723
b) claims arising from loans falling under Section 15 (1) 1-6 and (2) of the German Banking Act, unless included under a)			297,764,986.01	248,375

\* former version, valid up to Dec 31, 1986



Liabilities and Shareholders' Equity	DM	DM	DM	DM1,000
<b>Liabilities to banks</b>				
a) payable on demand		4,815,332,201.28		6,115,704
b) with original periods or periods of notice of				
ba) less than three months	12,364,620,197.19			
bb) at least three months, but less than four years	19,174,639,214.45			
bc) four years or more	8,303,138,857.80	39,842,398,269.44		33,085,993
incl.: due in less than four years	DM 3,976,088,678.22			
c) customers' drawings on other banks		12,094,384.82		6,403
			44,669,824,855.54	39,208,100
<b>Liabilities to customers (customers' deposits)</b>				
a) payable on demand		13,814,774,052.88		14,309,374
b) with original periods or periods of notice of				
ba) less than three months	22,448,585,432.29			
bb) at least three months, but less than four years	8,762,503,404.29			
bc) four years or more	5,449,226,453.28	36,660,315,289.86		30,646,452
incl.: due in less than four years	DM 2,805,963,970.51			
c) savings deposits				
ca) subject to legal period of notice	11,600,661,649.06			14,223,716
cb) other	3,519,820,212.03	15,120,481,861.09		59,179,542
			65,595,571,203.83	59,179,542
<b>Bonds and notes with a life of</b>				
a) up to four years		5,510,155,666.43		5,936,962
b) more than four years		36,270,613,803.39		34,386,780
incl.: maturing in less than four years	DM18,065,874,948.21			
Registered bonds issued by mortgage bank subsidiary	DM10,082,481,812.20			
			41,780,769,469.82	40,323,742
<b>Acceptances and promissory notes outstanding</b>			1,464,121,152.04	1,616,484
<b>Loans granted and shares held on a trust basis at third party risk</b>			162,870,924.59	139,438
<b>Provisions</b>				
a) for pensions		1,065,550,857.24		996,656
b) other		909,504,641.81		844,522
			1,975,055,499.05	1,841,178
<b>Other liabilities</b>			211,170,657.96	180,563
<b>Deferred items</b>				
a) in accordance with Section 25 of the Mortgage Bank Act-HBG		60,097,911.79		89,131
b) other		448,449,001.55		393,276
			508,546,913.34	482,407
<b>Special item with partial reserve character</b>			2,045,431.25	2,386
<b>Profit-sharing certificates outstanding</b>			425,000,000.00	425,000
incl.: maturing in less than two years:	DM	0.00		
<b>Subscribed capital</b> (unissued conditional capital additionally authorized for conversion rights: DM 282,772,150.00)			1,039,965,050.00	1,037,704
<b>Capital reserve</b>			1,948,385,708.00	1,938,890
<b>Revenue reserves</b>				
a) legal reserve		6,000,000.00		6,000
d) other revenue reserves		949,000,000.00		889,000
			955,000,000.00	895,000
<b>Reserve arising from consolidation</b> in accordance with Section 331 (1) 3 of the German Stock Corporation Act-AktG* (excess of book value of consolidated subsidiaries' equity over book value of corresponding investments in Parent Bank's accounts)			600,069,484.02	515,736
			51,229,920.02	58,957
<b>Minority interests</b> including: from profit	DM	2,048,793.00		
<b>Foundations</b>			6,416,282.85	6,432
<b>Consolidated profit</b>			335,334,523.55	298,649
<b>Total Liabilities and Shareholders' Equity</b>			161,731,377,075.86	148,150,208
<b>Endorsement liabilities on rediscounted bills of exchange</b>			2,127,785,225.56	2,565,699
<b>Contingent liabilities from guarantees, including guarantees for bills and cheques, and from indemnity agreements</b>			10,460,227,463.91	9,719,735
<b>Commitments under repurchase agreements, not included in liabilities</b>			15,098,200.00	—
<b>Total Liabilities, together with contingent liabilities and other commitments shown below the line, include liabilities to affiliated companies in the amount of</b>			137,435,474.99	181,630











## **Berliner Commerzbank AG, West Berlin**

### **General performance**

The performance of our West Berlin subsidiary in 1987 was marked by continued earnings strength based on rapid growth of its total assets. For the latter's 14.7% rise to DM6,929m, stepped-up customer business again played a decisive role.

The results achieved have enabled the bank once more to allocate DM25m to revenue reserves and to pay an unchanged 20% dividend. The bank's equity capital thus reached DM290m; it is to be further reinforced through a DM10m capital increase at 150% above par on April 1, 1988.

### **Retail business**

Efforts to expand the bank's retail business were highly successful, translating into a 10.9% overall rise in deposits. Various savings schemes, a higher number of standing orders for transfers into savings accounts and the "fixed-interest investment savings account" were all instrumental in raising total savings deposits by 9.8% to DM1,127m. Demand was also heavy for savings certificates, which registered a 24% expansion in their circulation, and bearer bonds, whose outstanding volume went up 12%.

The growth in lending to private customers once again reflected buoyant demand for building finance, preference being given to loans with interest rates fixed over longer periods. The funds obtained were primarily used for modernization. Instalment credits rose notably, too, by 25%.

### **Corporate business**

Corporate business also developed favourably. Efforts to attract deposits proved particularly rewarding, boosting their total by 28.8% on average over the year. Given their high liquidity levels, the credit demand of

many companies was relatively low. Yet such lending—mostly at interest rates fixed over longer periods—was up 3%. The bank also did well with the start-up assistance it provides, both as regards funds available under ERP schemes and its own innovative financing programmes.

### **Service business**

Despite occasional uncertainty in the stock and bond markets, securities business continued brisk, so that the good 1986 result could be matched. Foreign paper became ever more popular. Above-average rates of expansion were recorded in the placing of investment fund certificates.

Although West Berlin's exports declined in 1987, the foreign sales of the bank's customers retained their year-ago level. The volume of à-fortfait business could even be boosted by some 30%. Uncertainty in the foreign-exchange markets resulted in a slight fall in spot transactions and in more forward operations. Demand for precious metals considerably exceeded that of the previous year.

### **Staff and organization**

The growth of the bank's business volume together with an ever broader product range and the mounting demands of customers as regards the quality of counselling made it necessary to increase the bank's staff again, by 61 to 1,316. This figure includes 106 part-timers. The number of apprentices employed was further raised by 10 to 153.

In September, the foundation stone was laid for an extension to the bank's headquarters. Construction of the six-storey building, providing 4,000 sq.m. of office space for 180 personnel, is planned to take a year and a half.



Assets	DM1,000
Cash reserves	344,688
Cheques and collection items	36,575
Bills of exchange	92,741
Claims on banks	1,583,468
Discountable Treasury notes	56,583
Bonds and notes	1,001,383
Other securities	56,045
Loans and advances to customers at agreed periods of	3,629,910
a) less than four years	(1,355,682)
b) four years or more	(2,274,228)
Recovery claims under post-war currency reform acts	7,056
Loans on a trust basis at third party risk	12,035
Investments (associated companies and trade investments)	6,673
Land and buildings	30,239
Office furniture and equipment	18,599
Own bonds	10,708
Other assets	4,672
Deferred items	37,574
<b>Total Assets</b>	<b>6,928,949</b>

Liabilities and Shareholders' Equity	DM1,000
Liabilities to banks	1,857,515
a) demand	(357,887)
b) time	(1,499,628)
Liabilities to customers (customers' deposits)	3,866,145
a) demand	(833,103)
b) time	(1,906,539)
c) savings deposits	(1,126,503)
Bonds outstanding	715,395
Acceptances outstanding	17,750
Loans on a trust basis at third party risk	12,035
Provisions	121,144
Other liabilities	1,580
Deferred items	31,490
Special item with partial reserve character	1,395
Share capital	72,500
Disclosed reserves	75,976
Revenue reserves	135,524
Distributable profit	20,500
<b>Total Liabilities and Shareholders' Equity</b>	<b>6,928,949</b>
Endorsement liabilities	132,208
Guarantees	437,085

Expenses	DM1,000
Interest and similar expenses	211,078
Commissions paid	707
Write-downs of and adjustments to claims and securities, and additions to provisions for possible loan losses	33,494
Personnel expenditure	88,269
Other operating expenses	38,954
Depreciation on fixed assets	9,410
Taxes	23,726
Charges for losses assumed under profit and loss transfer agreements	116
Other expenses	2,754
Net income for the year	39,500
<b>Total Expenses</b>	<b>448,008</b>

Income	DM1,000
Interest and similar income	330,438
Current income from	
a) fixed-interest securities and Government-inscribed debt	71,377
b) other securities	2,843
c) investments	310
Commissions and other service charges received	38,498
Other income, including income from the writing back of provisions for possible loan losses	3,008
Income from profit-pooling and from partial or full profit-transfer agreements	1,164
Income from the writing back of provisions, unless it has to be shown under other income	138
Income from the writing back of special item with partial reserve character	232
<b>Total Income</b>	<b>448,008</b>



## Commerzbank International S.A., Luxembourg

### Business objectives

Acting within the overall strategy of the Commerzbank Group, the Luxembourg subsidiary, Commerzbank International S.A., is engaged in all forms of dealing and lending typical of the Euromarkets. In addition, intensive effort is put into retail operations.

### General performance

Luxembourg further consolidated its position as a banking centre in the past year and will continue to hold its own as a leading Eurofinance centre. Our Luxembourg subsidiary specializes in Euromarket transactions, offering this sector's traditional range of products and services, while also developing market openings and welcoming innovations. The bank adhered to its earnings-oriented business policy. Its total assets were virtually unchanged at DM17.1bn (end-1986: DM17.0bn). Its staff went up from 93 to 107 over the year.

### Lending

Despite a high level of credit repayments and the considerably lower US dollar, the bank managed to increase its total lending by 12%, to DM9.2bn. Growth was mainly in loans against borrower's note and advances to other banks.

The overall interest margin stabilized at its 1986 level. Stringent credit-rating standards were applied, with loans once again primarily at short and medium term; borrowers are for the most part European, a quarter of them stemming from state-trading countries.

### Retail business

Although lacklustre stock-exchange performance up to last October and the subsequent dramatic events led to a slight reduction of the bank's retail income, the number of its private clients increased. This field of activity again proved a valuable

extension to the range of products and services offered by the bank, and will therefore continue to receive special attention.

### Funding

At just under DM12bn, inter-bank borrowing remained the predominant source of funding. Customers' deposits were marginally lower, with the emphasis on up-to-one-year terms. By carefully providing for its future liquidity needs and by employing new Euromarket instruments in its market-oriented funding, the bank was able to hold its costs low, with positive effects on its net income.

### Earnings

1987 saw another satisfactory earnings performance, with the operating result up by almost 8%. While net interest income—not least due to the dollar slump—declined as expected, earnings from all trading activities rose substantially. As in previous years, a sizeable share of the operating result was channelled into loan loss provisions for country risks. The distributable profit is shown at DM45m (1986: DM25m) and, subject to shareholder approval, will once more be used to strengthen the bank's reserves and, hence, its equity base.

### Capital and reserves

Following this allocation to its reserves from the 1987 result, the liable equity of our Luxembourg subsidiary will amount to DM423.4m.



Assets	DM1,000
Claims on banks with agreed periods of	9,146,959
a) up to 30 days	(1,815,159)
b) more than 30 days	(7,331,800)
Bills of exchange	273,912
Loans and advances to customers	5,024,407
Securities	2,215,200
Investments (associated companies and trade investments)	9,117
Land and buildings	20,023
Office furniture and equipment	3,797
Deferred items	388,460
Other assets	1,909
<b>Total Assets</b>	<b>17,083,784</b>

Expenses	DM1,000
Interest and commissions paid	887,245
Personnel expenditure and other operating expenses	17,780
Taxes	10,593
Write-downs and adjustments	158,782
Depreciation	1,167
Other expenses	1,206
Net income for the year	45,000
<b>Total Expenses</b>	<b>1,121,773</b>

Liabilities and Shareholders' Equity	DM1,000
Liabilities to banks with agreed periods of	11,934,887
a) up to 30 days	(5,297,076)
b) more than 30 days	(6,637,811)
Liabilities to customers (customers' deposits) with agreed periods of	3,292,774
a) up to 30 days	(1,614,927)
b) more than 30 days	(1,677,847)
Bonds outstanding	272,445
Subordinated loan	94,890
Share capital	125,000
Reserves	253,400
a) legal reserve	(12,500)
b) voluntary reserves	(149,100)
c) premia from capital increases	(91,800)
Provisions, write-downs and adjustments	793,814
Deferred items	267,541
Other liabilities	4,033
Distributable profit/profit brought forward	45,000
<b>Total Liabilities and Shareholders' Equity</b>	<b>17,083,784</b>

Income	DM1,000
Interest and commissions received	947,350
Other income	174,423
<b>Total Income</b>	<b>1,121,773</b>

The bank's 1987 annual accounts will be officially published in Mémorial, Journal officiel du Grand-Duché de Luxembourg, Recueil spécial des sociétés et associations.



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

Commerzbank (Nederland) N.V., Amsterdam, offers a broad range of services to Dutch and multinational companies from its head office in Amsterdam and its branch in Rotterdam. In addition to lending, and to money-market and foreign-exchange dealings, the financing and handling of cross-border trade are prominent among the bank's activities.

**General performance**

Total assets at end-1987 were virtually unchanged at Dfl1,176m (equivalent to DM1,045m). The number of staff, calculated on a full-time basis, rose from 99 to 110 over the year.

**Lending**

Aggregate lending—comprising credits to banks and customers, bills discounted and loans against borrower's note—declined, reflecting both the falling due of a substantial special loan package and the existence of credit restrictions in domestic business up to end-1987; the weakening dollar proved yet another impediment. Stringent credit-rating criteria were maintained. Shorter maturities were predominant among new loans and, as in the past, the emphasis was on Dutch companies and the subsidiaries of West German firms in the Netherlands.

**Earnings**

Having complied with the requirements of the Dutch central bank as regards country risk provisions, the bank reports an after-tax net income for the year of Dfl0.3m (1986: Dfl2m). The key factors behind this decline were the pressure on interest margins, a rise in personnel expenditure and higher depreciation on tangible assets, increased costs involved in domestic payments transactions and lower net income from own-account dealings. Net commission income, however, having climbed substantially in 1986, showed a further slight improvement. After an allocation of Dfl0.3m to reserves from the 1987 result, the bank's liable equity stands at Dfl108m; this amount includes a subordinated loan of Dfl45m.

**Outlook**

Despite the greater uncertainty in the financial markets, the economic environment in the Netherlands is fairly encouraging. All in all, the bank thus expects its 1988 performance to be favourable.



Assets	Dfl1,000
Claims on banks	557,563
a) payable on demand	(6,429)
b) with original periods or periods of notice of	
ba) less than three months	(119,432)
bb) at least three months, but less than four years	(390,651)
bc) four years or more	(41,051)
Claims on customers with original periods or periods of notice of	487,803
a) less than four years	(356,380)
b) four years or more	(131,423)
Bonds and notes	70,338
Land and buildings	5,160
Office furniture and equipment	4,357
Deferred items	31,737
Other assets	18,551
<b>Total Assets</b>	<b>1,175,509</b>
	= DM1,045m

Liabilities and Shareholders' Equity	Dfl1,000
Liabilities to banks	580,148
a) payable on demand	(54,426)
b) with original periods or periods of notice of	
ba) less than three months	(145,512)
bb) at least three months, but less than four years	(319,710)
bc) four years or more	(60,500)
Liabilities to customers (customers' deposits)	489,738
a) payable on demand	(61,362)
b) with original periods or periods of notice of	
ba) less than three months	(231,321)
bb) at least three months, but less than four years	(172,575)
bc) four years or more	(24,480)
Share capital	40,000
Disclosed reserves	22,718
Deferred items	24,293
Other liabilities	18,564
Distributable profit/profit brought forward	48
<b>Total Liabilities and Shareholders' Equity</b>	<b>1,175,509</b>

Expenses	Dfl1,000
Interest and commissions paid	78,585
Write-downs of and adjustments to claims and securities, and additions to provisions for possible loan losses	1,000
Personnel expenditure and other operating expenses	13,773
Taxes	35
Depreciation on and adjustments to land and buildings, office furniture and equipment	1,620
Net income for the year	337
<b>Total Expenses</b>	<b>95,350</b>

Income	Dfl1,000
Interest and commissions received	86,823
Current income from securities and investments	7,769
Other income	758
<b>Total Income</b>	<b>95,350</b>



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

### Business objectives

Commerzbank (South East Asia) Ltd.—COSEA—is a Singapore merchant bank founded in 1979 whose operations cover the whole of South-East Asia as well as Australia and New Zealand. Within this area, COSEA offers German and international customers the diversified range of Euromarket products and currencies that are available in the Asian financial markets.

### General performance

1987 was a year of restraint for most of South-East Asia's borrowers. The bank's new lending went primarily to New Zealand and Australia, but marketing efforts in Singapore also secured new multinational corporate clients there.

Dealing activities were stepped up further, with spot and future foreign exchange transactions again contributing healthily to overall earnings. Despite generally difficult market conditions, securities trading produced encouraging results. The newly established trust department also managed to achieve a profit.

At end-1987, COSEA had a staff of 49.

### Balance sheet structure

Total assets were almost unchanged at S\$2,802m (equivalent to DM2,221m). While the volume of interbank lending remained more or less stable, loans to customers showed a slight overall rise. Contingent liabilities from guarantees and letters of credit were also somewhat higher at S\$121m.

### Earnings

COSEA did not quite succeed in matching its high 1986 operating result. Continued emphasis was placed on strengthening the bank's financial backbone. As in 1986, a 30% dividend will be paid from the after-tax net income for the year of S\$12.4m (or DM9.8m).

By including the profit brought forward, the bank's legal reserves were increased by S\$0.8m to S\$3.6m, bringing its equity capital up to S\$67.4m (or DM53.4m).

### Outlook

Having strategically expanded its range of services in recent years, COSEA has been able to exploit the great business potential that continues to be offered by the Pacific Rim countries. Persistent pressure on lending margins enhances the importance of further expanding the bank's trading operations and service activities, affecting as they do its net commission income.



Assets	S\$1,000
Cash on hand	1
Claims on banks	1,064,819
a) payable on demand	(1,811)
b) with agreed periods of notice	(1,063,008)
Claims on customers	1,226,754
with agreed periods of notice of	
a) less than four years	(484,645)
b) four years or more	(742,109)
Securities	499,210
Land and buildings	1,596
Office furniture and equipment	602
Deferred items	9,360
<b>Total Assets</b>	<b>2,802,342</b>
	= DM2,221m

Liabilities and Shareholders' Equity	S\$1,000
Liabilities to banks	2,483,398
a) payable on demand	(2,208)
b) with agreed periods of notice	(2,481,190)
Liabilities to customers	227,344
(customers' deposits)	
a) payable on demand	(3,656)
b) with agreed periods of notice	(223,688)
Acceptances outstanding	12
Share capital	40,000
Reserves	27,400
a) legal reserve	(3,600)
b) voluntary reserves	(20,800)
c) premium from capital increase	(3,000)
Provisions	2,713
Deferred items	8,828
Other liabilities	609
Distributable profit	12,038
<b>Total Liabilities and Shareholders' Equity</b>	<b>2,802,342</b>

Expenses	S\$1,000
Interest and commissions paid	179,371
Personnel expenditure and other operating expenses	5,391
Taxes	1,684
Write-downs of and adjustments to claims and securities, and additions to provisions for possible loan losses	10,345
Depreciation on buildings, office furniture and equipment	471
Other expenses	31
Net income for the year	12,386
<b>Total expenses</b>	<b>209,679</b>

Income	S\$1,000
Interest and commissions received	204,839
Other income	4,840
<b>Total Income</b>	<b>209,679</b>



## Commerzbank (Switzerland) Ltd, Zurich

### Business objectives

Since its establishment in 1985, Commerzbank (Switzerland) Ltd has been increasingly successful in providing investment counselling and asset management services for both private and institutional international investors. Its product range also includes lending and the underwriting of new issues as well as dealing in money, foreign exchange, securities and precious metals. In January of this year, the bank opened a branch in Geneva.

### General performance

Despite last year's unpredictably strong upsets in the stock markets, Commerzbank (Switzerland) Ltd continued its satisfactory performance.

In a year-on-year comparison, its total assets went up by 11% to Sfr327.4m (equivalent to DM404.4m). This was chiefly due to higher customer lending, while short-term loans to other banks remained almost unchanged at Sfr191.7m (or DM236.8m). With the greater emphasis on non-bank clients, the expansion in lending was funded primarily through customers' deposits which thus grew by 84.5% to Sfr75.2m (or DM92.9m). The bank notably reinforced its position in the trading sectors. The volume rise in its business required an increase in its staff, too, which brought the latter's total up to 52 at year-end, as against 38 at end-1986.

### Lending and new issues business

Loans to customers grew by 76.3% to Sfr47.7m (DM58.9m), mostly secured by assets deposited with the bank as collateral. The bank was again very active in the underwriting and placing of new issues. Applying strict rating standards, it partici-

pated in an impressive number of Swiss franc offerings by foreign borrowers.

### Investment counselling and asset management

The bank substantially expanded its activities in the investment counselling and asset management fields, both of which are only reflected to a minor extent in the balance sheet (as advances against securities, holdings of precious metals, and short-term deposits). The number of clients and the volume of funds managed for them showed gratifying increases.

### Earnings

The bank reported an after-tax net income for the year of Sfr2.19m (or DM2.71m). While net interest and dividend income, as well as net commission earnings, were significantly higher, the international stock market slump made greater write-downs of the bank's securities portfolio necessary.

The 1987 net income was used to strengthen the bank's equity base. After allowing for a profit brought forward of Sfr17,394, and after allocating Sfr2.2m (or DM2.72m) to the legal reserve, Sfr7,223 remains to be carried forward to new account. Following this, the bank's equity capital will reach Sfr27.7m (or DM34.2m).

### Outlook

Faced with unstable market conditions, the cautious investor will increasingly rely on regular counselling and professional management of his assets. Against this background, Commerzbank (Switzerland) Ltd can be expected to develop favourably in 1988 as well.



Assets	Sfr1,000
Cash, central bank and postal cheque balances	7,210
Claims on banks	191,704
a) payable on demand	(22,748)
b) with agreed periods of notice	(168,956)
Bills of exchange and money-market paper	8,495
Loans and advances to customers	47,660
Securities	57,118
Office furniture and equipment	5,813
Deferred items	2,022
Other assets	7,368
<b>Total Assets</b>	<b>327,390</b>
	= DM404m

Liabilities and Shareholders' Equity	Sfr1,000
Liabilities to banks	213,779
a) payable on demand	(5,726)
b) with agreed periods of notice	(208,053)
Liabilities to customers (customers' deposits)	75,236
a) payable on demand	(31,346)
b) with agreed periods of notice	(43,890)
Share capital	25,000
Legal reserve	2,700
Deferred items	352
Other liabilities	10,316
Distributable profit/profit brought forward	7
<b>Total Liabilities and Shareholders' Equity</b>	<b>327,390</b>

Expenses	Sfr1,000
Interest and commissions paid	11,927
Personnel expenditure and other operating expenses	9,123
Taxes	282
Write-downs, adjustments and additions to loan-loss reserves	7,266
Net income for the year	2,190
<b>Total Expenses</b>	<b>30,788</b>

Income	Sfr1,000
Interest and commissions received	21,439
Other income	9,349
<b>Total Income</b>	<b>30,788</b>



## **RHEINHYP Rheinische Hypothekenbank AG, Frankfurt**

### **General performance**

Benefitting from low interest rates, RHEINHYP Rheinische Hypothekenbank AG was able to report for 1987 the largest ever volume of new business. Total assets rose by DM2,620m, or 7.8%, to DM36,431m. The number of staff went up to 543 (end-1986: 499).

### **Lending**

Lending expanded from an aggregate volume of DM6,970m to DM7,320m. This was split between new commitments of DM5,823m (1986: DM5,574m) and loans prolonged upon renegotiating their interest charges of DM1,497m (1986: DM1,396m), covering 80% of such credits up for renegotiation. New commitments were evenly divided between mortgages and loans to public authorities.

55% of mortgage commitments related to existing buildings, with the funds extended used for modernization and renovation, for refinancing and for the purchase of houses or apartments. Another 22% went into new home building and the remaining 23% into commercial construction projects.

Cooperation with the branches of the Parent Bank was once again most successful. In commercial property financing, the jointly offered "REAL-DARLEHEN"—a standardized loan variety introduced in 1986 for the financing of rentals—continued to prove very popular. A similar type of credit, the "FIRMEN-DARLEHEN", was launched in the first half of 1987 and got off to a promising start; also available throughout the Commerzbank Group, it is used for owner-occupied premises.

Demand for building finance focused on mortgage loans with interest rates fixed for ten years.

Lending to public authorities maintained the high level of the previous year at DM2,953m

(1986: DM3,004m). New commitments were made up by DM917m of credits to the Federal Government, its separate accounting entities and Länder authorities, and by DM1,928m of loans to other public-sector bodies, the remainder being used for special credit programmes backed by government guarantees.

Total payouts rose to DM5,664m (1986: DM5,563m), while overall funds outstanding increased by DM2,530m to DM34,359m.

### **Borrowing**

The bank funded its extensive lending by tapping the capital market to the tune of DM7,143m (1986: DM6,626m), DM6,521m of which was raised through bond issues and DM622m through either blanket loans or time deposits. Bond sales were again dominated by communal bonds (DM3,965m), serving to fund loans to the public sector, and by mortgage bonds (DM2,416m). At the end of 1987, the aggregate volume of the bank's bonds outstanding was DM32,221m, as against DM29,924m a year earlier.

### **Result for the year and liable equity**

The bank's net interest earnings rose by a further DM20.3m, or 8.6%, to DM255.0m, and the net operating result also continued to grow strongly. Net income for the year again totalled DM60.9m, of which DM30.4m went into revenue reserves.

At the AGM on May 11, 1988, shareholders will be asked to approve payment of an unchanged dividend of DM11 per DM50 nominal share on the share capital of DM95.0m. This will require a total of DM20.9m to be paid out. Shareholders will also be asked to approve the allocation to revenue reserves of the DM9.6m remaining from the distributable profit, thus raising the bank's liable equity to DM742.0m.



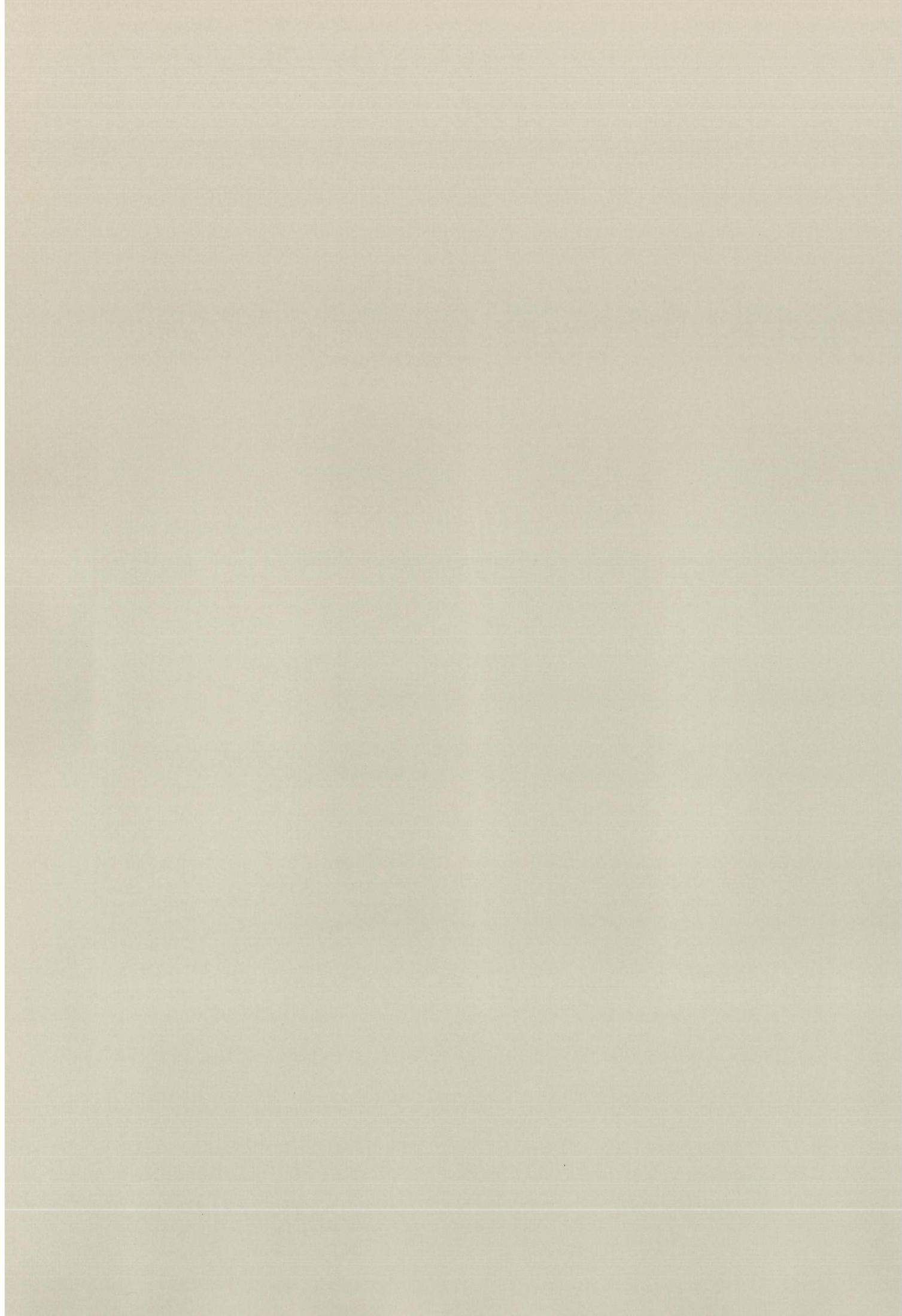
Assets	DM1,000
Loans at agreed periods of four years or more	31,664,605
a) mortgage loans	(15,920,411)
b) communal loans	(15,638,080)
c) other	(106,114)
Recovery claims on Federal and Länder authorities under post-war currency reform acts	7,778
Bonds and notes	153,961
Other securities	57,662
Cash reserves and collection items	5,318
Claims on banks and on other debtors	4,141,702
Own bonds (nominal value DM 295,964,000)	287,467
Loans on a trust basis at third party risk	56,675
Investments (associated companies and trade investments)	1,373
Land and buildings	44,979
Office furniture and equipment	6,992
Other assets	2,735
<b>Total Assets</b>	<b>36,431,247</b>

Expenses	DM1,000
Interest and similar expenses	2,204,332
Non-recurrent expenses on bonds issued and on loans granted	97,874
Write-downs of and adjustments to claims and securities, and additions to provisions for possible loan losses	66,824
Personnel expenditure	46,107
Other operating expenses	19,538
Depreciation and other write-downs on fixed assets	4,401
Taxes	63,505
Other expenses	833
Net income for the year	60,900
<b>Total Expenses</b>	<b>2,564,314</b>

Liabilities and Shareholders' Equity	DM1,000
Bonds issued	30,808,657
a) mortgage bonds	(12,549,146)
b) communal bonds	(17,170,253)
c) other bearer bonds	(949,327)
d) bonds drawn by lot and called for redemption	(139,931)
Bonds to be delivered	1,048,253
Loans taken up at long term	2,032,201
Liabilities to banks and other creditors	360,763
Accrued interest on bonds issued and on loans taken up	1,154,418
Loans on a trust basis at third party risk	56,675
Provisions	115,143
Foundation	1,055
Subscribed capital	95,000
Capital reserve	90,597
Revenue reserves	546,827
a) legal reserve	(24,938)
b) other revenue reserves	(521,889)
Other liabilities	91,158
Distributable profit	30,500
<b>Total Liabilities and Shareholders' Equity</b>	<b>36,431,247</b>
Contingent liabilities	494

Income	DM1,000
Interest and similar income	2,464,073
Non-recurrent income from bonds issued and from loans granted	93,046
Income from investments	119
Other income, including income from the writing back of provisions for possible loan losses	6,052
Income from the writing back of provisions, unless it has to be shown under other income	928
Income from the writing back of special items with partial reserve character	96
<b>Total Income</b>	<b>2,564,314</b>







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## Headquarters

All International Departments are in Frankfurt.

## Domestic Branches

Year given indicates either opening of branch by Commerzbank or by one of the three regional banks which became part of it (Mitteldeutsche Privat-

Bank in 1920, Mitteldeutsche Creditbank in 1929, and Barmer Bank-Verein in 1932), or takeover of other institutions.

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

### A

Aachen  
1920 (1874)  
with sub-branches  
Adalbertstrasse  
Burtscheid  
Markt  
and paying office  
Autobahn-Nord

Aalen  
1969

Achim  
1973

Ahlen (Westphalia)  
1961

Ahrensburg (Holstein)  
1958

Albstadt-Ebingen  
1969

Albstadt-Tailfingen  
1975

Alfeld (Leine)  
1962

Alsfeld  
1969

Altena (Westphalia)  
1912 (1880)

Amberg  
1980

Andernach  
1954

Arnsberg-Neheim  
1968

Aschaffenburg  
1962

Attendorn  
1981

Augsburg  
1919  
with sub-branches  
Donauwörther Strasse  
Göggingen  
Lechhausen

### B

Backnang  
1961

Bad Bramstedt  
1973

Baden-Baden  
1914 (1878)

Bad Driburg  
1975

Bad Harzburg  
1974

Bad Hersfeld  
1962

Bad Homburg v. d. H.  
1967

Bad Honnef  
1966

Bad Kissingen  
1976

Bad Kreuznach  
1929 (1907)

Bad Nauheim  
1968

Bad Neuenahr-Ahrweiler  
1966  
with sub-branch  
Ahrweiler

Bad Oeynhausen  
1965

Bad Oldesloe  
1961

Bad Pyrmont  
1979

Bad Salzuflen  
1963

Bad Soden (Taunus)  
1968

Bad Vilbel  
1968

Balingen (Württ.)  
1958

Bamberg  
1968

Bayreuth  
1967

Beckum  
(Münster district)  
1960

Bensheim  
1969

Bergheim (Erft)  
1975

Bergisch Gladbach  
1968

Bergneustadt  
1959

Biberach (Riss)  
1968

Bielefeld  
1905 (1867)  
with sub-branches  
Betheleck  
Brackwede  
Heeper Strasse  
Herforder Strasse  
Sennestadt  
Sieker  
Stapenhorststrasse

Bietigheim-Bissingen  
1975

Bingen  
1968

Bocholt  
1920

Bochum  
1920  
with sub-branches  
Altenbochum  
Ehrenfeld  
Hamme  
Linden  
Stiepel  
Weitmar

Bochum-Wattenscheid  
1918 (1906)  
with sub-branch  
Höntrop

Böblingen  
1968



D O M E S T I C B R A N C H E S

Bonn  
1908 (1885)  
with sub-branches  
Bundeskanzlerplatz  
Markt  
Römerplatz  
Tannenbusch  
Liaison Office:  
see page 106

Bonn-Bad Godesberg  
1959

Bonn-Beuel  
1961

Bonn-Duisdorf  
1960

Borken (Westphalia)  
1960

Bottrop  
1959

Brake  
1976

Braunschweig  
(*Brunswick*)  
1929 (1853)  
with sub-branches  
Am Hauptbahnhof  
Celler Strasse  
Dankwardstrasse  
Jasperallee  
Radeklint

Bremen  
1920  
with sub-branches  
Dobben  
Findorff  
Gröpelingen  
Hemelingen  
Neustadt  
Schwachhausen  
Steintor  
West  
Woltmershausen

Bremen-Vegesack  
1954

Bremerhaven  
1956  
with sub-branches  
Geestemünde  
Lehe

Bremervörde  
1961

Bruchsal  
1968

Brühl (Cologne district)  
1969

Brunsbüttel  
1962

Brunswick:  
see Braunschweig

Bückeberg  
1954 (1856)

Bünde  
1961

Burgdorf  
1970

Butzbach  
1967

Buxtehude  
1972

**C**

Celle  
1961

Cloppenburg  
1961

Coburg  
1971

Coesfeld  
1961

Cologne:  
see Köln

Constance:  
see Konstanz

Cuxhaven  
1921

**D**

Dachau  
1968

Darmstadt  
1957  
with sub-branches  
Arheilgen  
Karlstrasse

Deggendorf\*  
1988

Delmenhorst  
1954

Detmold  
1961

Diepholz  
1968

Diez (Lahn)  
1967

Dillenburg  
1961

Dinslaken  
1965 (1921)

Dissen (Teutob. Forest)  
1975

Dormagen  
1967

Dorsten  
1964

Dortmund  
1904 (1878)  
with sub-branches  
Aplerbeck  
Brackel  
Hörde  
Hohe Strasse  
Hombruch  
Kaiserstrasse  
Königswall  
Mengede  
Münsterstrasse  
Ruhrallee

Dreieich  
1968

Dülmen  
1968

Düren  
1959

Düsseldorf  
1903 (1889)  
with sub-branches  
Am Hafen  
Am Hauptbahnhof  
Brehmplatz  
Eller  
Friedrichstrasse  
Garath  
Gerresheim  
Golzheim  
Grafenberger Allee  
Heerd  
Heinrichstrasse  
Holthausen  
Kaiserswerth  
Karolingerplatz  
Königsallee  
Nordstrasse  
Oberbilk  
Oberkassel  
Rath  
Reisholzer Strasse  
Schadowstrasse  
Unterrath  
Wersten  
Worringer Platz

Düsseldorf-Benrath  
1968

Duisburg  
1909 (1883)  
with sub-branches  
Hochfeld  
Lutherplatz  
Marxloh  
Meiderich  
Wanheimerort

Duisburg-Hamborn  
1958

Duisburg-Homberg  
1969

Duisburg-Rheinhausen  
1961

Duisburg-Ruhrort  
1960

Duisburg-Walsum  
1965 (1954)

**E**

Eckernförde  
1960

Ehingen (Danube)  
1980

Einbeck  
1969

Eislingen  
1975

Elmshorn  
1953

Emden  
1920  
with sub-branch  
Rathausplatz

Emmendingen  
1978

Emmerich  
1965 (1951)  
with paying office  
Elten

Emsdetten  
1970

Enger  
1967

Ennepetal  
1965

Erkelenz  
1967

Erkrath  
1967

Erlangen  
1972

Eschborn  
1975

Eschwege  
1908 (1830)

Eschweiler  
1968

Essen  
1907 (1898)  
with sub-branches  
Altenessen  
Borbeck  
Bredeney  
Essen-Süd  
Essen-West  
Holsterhausen  
Kray  
Kupferdreh  
Rüttenscheid  
Steele  
Viehofer Platz  
Wasserturm

Essen-Kettwig  
1974

Esslingen  
1965

\* to be opened shortly



Ettlingen  
1967  
Euskirchen  
1960

**F**

Fellbach (Württ.)  
1960  
Filderstadt-Bernhausen\*  
1988  
Flensburg  
1955  
with sub-branches  
Industriegebiet  
(*industrial estate*)  
Mürwik  
Südermarkt  
Frankenthal (Palatinate)  
1963  
Frankfurt  
1856  
with sub-branches  
Adickesallee  
Alt-Bornheim  
Am Eschenheimer Tor  
Am Opernplatz  
Bockenheim  
Bornheim  
Dornbusch  
Flughafen (*airport*)  
Galluswarte  
Hanauer Landstrasse  
Hauptwache  
Kaiserstrasse  
Oederweg  
Platz der Republik  
Rödelheim  
Römerberg  
(*paying office*)  
Sachsenhausen  
Schwanheim  
Wächtersbacher  
Strasse  
Zeil

Frankfurt-Höchst  
1899  
Frechen  
1960  
Freiburg (Breisgau)  
1960  
with sub-branch  
Rathausgasse  
Freilassing  
1980  
Freudenstadt  
1980  
Friedberg (Hesse)  
1910  
Friedrichshafen  
1967  
Fürstenfeldbruck  
1987

Fürth (Bavaria)  
1899 (1872)  
with sub-branches  
Komotauer Strasse  
Waldstrasse

Fulda  
1954

**G**

Gaggenau  
1987  
Garbsen  
1965  
Garmisch-Partenkirchen  
1969  
Geesthacht  
1974  
Geislingen (Steige)  
1974  
Gelsenkirchen  
1918 (1906)  
with sub-branches  
Am Stern  
Erle  
Horst  
Neustadt  
Gelsenkirchen-Buer  
1920  
Gevelsberg  
1912  
with sub-branch  
Zentrum  
(*downtown*)  
Giessen  
1906  
Gifhorn  
1961  
Gladbeck  
1960  
Glinde  
1970

Glückstadt  
1968  
Goch  
1967  
Göppingen  
1959  
Göttingen  
1923 (1850)  
with sub-branches  
Eichendorffplatz  
Weende  
Goslar  
1929 (1907)  
Greven (Westphalia)  
1961  
Grevenbroich  
1960



Bamberg



Bremen

Gross Gerau  
1968  
Gütersloh  
1965  
Gummersbach  
1919 (1870)  
**H**  
Haan (Rhineland)  
1967  
Hagen  
1900 (1858)  
with sub-branches  
Elsey  
Haspe  
Mittelstrasse  
Wehringhausen  
Hagen-Hohenlimburg  
1954

Haltern (Westphalia)  
1974  
Halver  
1959  
Hamburg  
1870  
with sub-branches  
Altstadt  
Am Hafen  
Barmbek  
Billstedt  
Blankenese  
Bramfeld  
Dehnhaiide  
Eidelstedt  
Eilbek  
Eimsbüttel  
Eppendorf  
Freihafen (*free port*)  
Fuhlsbüttel  
Gänsemarkt

\* to be opened shortly



D O M E S T I C B R A N C H E S

Helmstedt



Freudenstadt



Geschäftsstadt Nord  
Grindelberg  
Hamm  
Hammerbrook  
Hoheluft  
Lokstedt  
Lurup  
Messberg  
Mittelweg  
Mundsburg  
Neugraben  
Osdorf  
Osterstrasse  
Othmarschen  
Rahlstedt  
Rothenburgsort  
St. Georg  
St. Pauli  
Schnelsen  
Uhlenhorst  
Volksdorf  
Wandsbek

Wilhelmsburg  
Winterhude  
Hamburg-Altona  
1910 (1872)  
Hamburg-Bergedorf  
1953  
Hamburg-Harburg  
1922  
Hameln  
1960  
Hamm (Westphalia)  
1904  
with sub-branch  
Marktplatz  
Hanau  
1909  
with sub-branch  
Grossauheim

Hannover (*Hanover*)  
1907 (1826)  
with sub-branches  
Am Klagesmarkt  
Am Kröpcke  
Am Küchengarten  
Am Steintor  
Buchholz  
Herrenhausen  
Kirchrode  
Lister Meile  
Misburg  
Sallstrasse  
Südstadt  
Vahrenwald  
Vier Grenzen  
Wülfel

Heide (Holstein)  
1961

Heidelberg  
1963  
with sub-branches  
Innenstadt  
Neuenheim

Heidenheim (Brenz)  
1954

Heilbronn  
1965

Heiligenhaus  
1959

Helmstedt  
1951  
with sub-branch  
Gröpern

Hemer  
1968

Hemmingen  
1965

Hennef (Sieg)  
1966

Herford  
1920 (1873)  
with sub-branch  
Alter Markt

Herne  
1958

Herne-Wanne  
1918 (1906)  
with sub-branch  
Eickel

Herten  
1961

Herten-Westerholt  
1968

Herzberg  
1965

Herzogenrath  
1975

Hilden  
1919

Hildesheim  
1929  
with sub-branches  
Dammstrasse  
Marienburger Platz  
Zingel

Hockenheim  
1973

Hof (Saale)  
1968

Hofheim (Taunus)  
1967

Holzminden  
1923 (1884)

Hoya (Weser)  
1954 (1927)

Husum  
1959

▬ I

Ibbenbüren  
1971

Idar-Oberstein  
1963  
with sub-branch  
Idar

Idstein (Taunus)  
1975

Ingelheim  
1973

Ingolstadt  
1963  
with sub-branch  
Ingolstadt-Nord

Iserlohn  
1905 (1838)  
with sub-branch  
Schillerplatz

Iserlohn-Letmathe  
1969

Itzehoe  
1966

▬ J

Jülich  
1971

▬ K

Kaarst  
1980

Kaiserslautern  
1961

Kaltenkirchen  
1970

Kamen  
1962

Kamp-Lintfort  
1967



Karlsruhe 1953 with sub-branches Am Mühlburger Tor Durlach Mühlburg	Konstanz ( <i>Constance</i> ) 1961 with sub-branch Petershausen	Lörrach (Baden) 1962	Meerbusch-Osterath 1969
Kassel 1908 (1881) with sub-branches Bettenhausen Friedrich-Ebert-Strasse	Korbach 1967	Ludwigsburg 1958	Memmingen 1969
Kaufbeuren 1967 with sub-branch Neugablonz	Krefeld 1905 (1859) with sub-branches Hochstrasse Ostwall	Ludwigshafen (Rhine) 1960	Menden 1972
Kelkheim (Taunus) 1968	Krefeld-Hüls 1968	Lübbecke 1966	Meppen 1961
Kempfen (Lower Rhine) 1961	Krefeld-Uerdingen 1959	Lübeck 1918 (1862) with sub-branches Am Schlachthof Fackenburger Allee Geniner Strasse Marli	Meschede 1971
Kempten 1973	Kreuztal 1959	Lübeck-Travemünde 1961 with paying office Skandinavienkai	Mettmann 1962
Kiel 1905 with sub-branches Arndtplatz Gaarden Holtenauer Strasse Nord Holtenauer Strasse Süd Kirchhofallee Wellingdorf	Kulmbach 1974	Lüchow 1968 (1870)	Metzingen 1974
Kirchheim (Teck) 1968	<b>L</b>	Lüdenscheid 1905 (1869) with paying office Brüninghausen	Minden 1968
Kirn (Nahe) 1968	Laatzen (Hanover) 1965	Lüdinghausen 1968	Mölln 1982
Kleve 1918 (1889)	Lahr 1968	Lüneburg 1959	Mönchengladbach 1898 (1871) with sub-branches Hauptbahnhof ( <i>main station</i> ) Headquarters Rheindahlen
Koblenz 1961 with sub-branch Bahnhofplatz	Landau (Palatinate) 1968	Lünen 1958	Mönchengladbach-Rheydt 1905 with sub-branch Odenkirchen
Köln ( <i>Cologne</i> ) 1907 (1869) with sub-branches Barbarossaplatz Braunfeld Chlodwigplatz Ehrenfeld Hohenzollernring Hohe Strasse Kalk Lindenthal Neumarkt Neusser Strasse Rodenkirchen Sülz Weidenpesch Zollstock	Landshut 1967	<b>M</b>	Moers 1959
Köln-Mülheim 1962	Langen (Hesse) 1967	Maintal-Dörnigheim 1973	Mühdorf (Inn) 1968
Königstein (Taunus) 1974	Langenfeld (Rhineland) 1962	Mainz 1914 (1890) with sub-branches Am Dom Rheinallee	Mühlheim (Main) 1967
	Langenhagen 1965	Mainz-Kastel 1929 (1920)	Mülheim (Ruhr) 1918 (1861) with sub-branch Speldorf
	Lauf 1976	Mannheim 1921 with sub-branches Käfertal Kaiserring Lindenhof Neckarau Neckarstadt Sandhofen Waldhof	München ( <i>Munich</i> ) 1910 (1876) with sub-branches Asamhof Augustenstrasse Baldeplatz Berg-am-Laim Fraunhoferstrasse Grosshadern Hauptbahnhof ( <i>main station</i> )// Marsstrasse Herkomerplatz Hohenzollernstrasse Ingolstädter Strasse Laim Leopoldstrasse Lindwurmstrasse MAN-Allach Moosach Nymphenburger Strasse Pasing Reichenbachplatz
	Leer (East Friesland) 1962	Marburg (Lahn) 1906	
	Lehrte (Hanover) 1961	Marl-Hüls 1955	
	Leichlingen 1969	Mayen 1954	
	Lemgo 1954	Meerbusch-Büderich 1968	
	Lennestadt 1960		
	Leonberg 1965		
	Leverkusen 1958		
	Limburg (Lahn) 1957		
	Lingen (Ems) 1960		
	Lippstadt 1961		



D O M E S T I C B R A N C H E S

Riesenfeldstrasse  
Rosenheimer Platz  
Rotkreuzplatz  
Schleissheimer Strasse  
Schwanthalerstrasse  
Thalkirchner Strasse  
Thomasiusplatz

Münster (Westphalia)  
1919

with sub-branches  
Hammer Strasse  
Hansaring  
Karstadt building  
Warendorfer Strasse

**N**

Nettetal-Lobberich  
1960

Neuburg (Danube)  
1976

Neuenkirchen  
(near Rheine)  
1968

Neuenrade  
1967

Neu-Isenburg  
1919

Neumünster  
1907

Neuss  
1952  
with sub-branch  
Dreikönigenstrasse

Neustadt (Holstein)  
1974

Neustadt (Weinstrasse)  
1961

Neu-Ulm  
1967

Neuwied  
1960

Niebüll  
1966

Nienburg (Weser)  
1954 (1938)

Norden  
1966

Nordenham  
1921 (1907)

Norderstedt  
1962

Nordhorn  
1953

Northeim (Hanover)  
1960

Nürnberg (*Nuremberg*)  
1899 (1872)  
with sub-branches  
Friedrich-Ebert-Platz  
Gibitzenhof

Königstrasse  
Kopernikusplatz  
Langwasser  
Plärrer  
Schweinau  
Stresemannplatz

**O**

Oberhausen  
1918 (1896)  
with sub-branch  
Buschhausen

Oberhausen-Sterkrade  
1960

Obertshausen  
1967

Oberursel (Taunus)  
1968

Oelde  
1976

Oer-Erkenschwick  
1969

Offenbach (Main)  
1904  
with sub-branches  
Sprendlinger  
Landstrasse  
Waldstrasse

Offenburg  
1968

Oldenburg (Oldenb.)  
1920

Olpe  
1968

Olsberg  
1965

Opladen  
1961

Osnabrück  
1906  
with sub-branches  
Bramscher Strasse  
Johannisstrasse  
Lotter Strasse

Osterholz-Scharmbeck  
1966

Osterode (Harz)  
1929 (1872)

Ottobrunn  
1979

**P**

Paderborn  
1909 (1881)  
with sub-branch  
Schloss Neuhaus

Papenburg  
1967

Passau  
1968

Peine  
1921 (1900)

Pforzheim  
1960

Pfungstadt  
1969

Pinneberg  
1957

Pirmasens  
1955 (1908)

Plettenberg  
1921

Pulheim  
1980

Pullach  
1969

**Q**

Quickborn (Holstein)  
1975

**R**

Radevormwald  
1965

Rastatt  
1962

Ratingen  
1967

Ratingen-Lintorf  
1974

Ravensburg  
1971

Recklinghausen  
1919 (1904)  
with sub-branch  
Recklinghausen-Süd

Rees  
1965 (1962)

Regensburg  
1965

Reinbek (Hamburg district)  
1959

Remscheid  
1903 (1898)  
with sub-branches  
Alleestrasse  
Handweiser  
Hasten

Remscheid-Lennep  
1961

Remscheid-  
Lüttringhausen  
1961

Rendsburg  
1960

Reutlingen  
1954 (1930)

Rheda-Wiedenbrück  
1959  
with sub-branch  
Berliner Strasse

Rhede (near Bocholt)  
1968

Rheine  
1921

Rheinfelden  
1975

Rietberg  
1968

Rosenheim  
1972

Rotenburg (Wümme)  
1976

Rottweil  
1974

Rüdesheim  
1968

Rüsselsheim  
1965

**S**

Saarburg (near Trier)  
1967

Salzgitter-Lebenstedt  
1958

St. Georgen  
1976

Sarstedt  
1962

Schleswig  
1962

Schneverdingen  
1970

Schöningen  
1960

Schorndorf  
1977

Schwabach  
1967

Schwäbisch Gmünd  
1968

Schwalbach (Taunus)  
1974

Schweinfurt  
1963

Schwelm  
1951

Schwerte (Ruhr)  
1959 (1928)

Schwetzingen  
1969

Siegburg  
1960



Siegen  
1919  
with sub-branches  
Eiserfeld  
Kaan-Marienborn  
Weidenau

Sigmaringen  
1988

Simmerath  
1982

Sindelfingen  
1962

Singen (Hohentwiel)  
1967

Sinsheim  
1969

Soest  
1961

Solingen  
1903 (1900)  
with sub-branch  
Höhscheid

Solingen-Ohligs  
1903 (1899)

Solingen-Wald  
1960

Speyer  
1975

Sprockhövel  
1967

Stade  
1954 (1920)

Stadtallendorf  
1967

Steinhagen  
1965

Stolberg  
1920

Straubing  
1966

Stuttgart  
1919 (1885)  
with sub-branches  
Degerloch  
Feuerbach  
Marienplatz  
Ostendplatz  
Rosenbergplatz  
Rotebühlplatz  
Schloss-Strasse  
Untertürkheim  
Vaihingen a. F.  
Wangen  
Weilimdorf  
Zuffenhausen

Stuttgart-Bad Cannstatt  
1956

**T**

Traunstein\*  
1988

Trier  
1959

Troisdorf  
1965

Tübingen  
1958

Tuttlingen  
1975

**U**

Uelzen  
1919

Uetersen (Holstein)  
1961

Ulm (Danube)  
1963

Unna  
1959

Unterföhring  
(near Munich)  
1967

**V**

Varel (Oldenb.)  
1961

Vechta  
1961

Velbert  
1919 (1880)

Velbert-Langenberg  
1953

Verden (Aller)  
1970

Versmold  
1962

Viernheim  
1973

Viersen  
1954

Viersen-Dülken  
1968

VS-Schwenningen  
1969

VS-Villingen  
1969

Voerde-Friedrichsfeld  
1965 (1959)

\* to be opened shortly



Münster



Stuttgart

**W**

Wahlstedt  
1973

Waldbröl  
1968

Waldkraiburg  
1971

Walsrode  
1961

Warburg  
1917 (1896)

Wedel (Holstein)  
1955

Wegberg  
1974

Weiden  
(Upper Palatinate)  
1969

Weil (Rhine)  
1970

Weinheim  
(Bergstrasse)  
1961

Werdohl  
1923

Wermelskirchen  
1909 (1893)

Wertheim  
1979

Wesel  
1965 (1920)

Wesseling  
1967

Westerland (Sylt)  
1961

Wetter-Wengern (Ruhr)  
1970



# DOMESTIC BRANCHES

Iserlohn



Wetzlar  
1906

Weyhe-Kirchweyhe  
1954 (1923)

Weyhe-Leeste  
1954 (1928)

Wiehl (Cologne district)  
1962

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

Wiesloch  
1987

Wildeshausen  
1974

Wilhelmshaven  
1954  
with sub-branch  
Gökerstrasse

Winsen (Luhe)  
1970

Wipperfürth  
1975

Wissen (Sieg)  
1967

Witten  
1921

Wolfenbüttel  
1967

Wolfsburg  
1958  
with sub-branches  
Detmerode  
Kästorf  
Tiergartenbreite

Worms  
1928

Würselen  
1969

Würzburg  
1961

Wunstorf  
1961

Wuppertal  
1911 (1754)  
with sub-branches  
Cronenberg  
Friedrich-Ebert-Strasse  
Langerfeld  
Oberbarmen  
Ronsdorf  
Unterbarmen  
Vohwinkel  
Wichlinghausen

Wuppertal-Barmen  
1867 (1810)  
with sub-branch  
Werth

— X

Xanten  
1965

— Z

Zirndorf  
1970

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



## Foreign Branches

### Belgium

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

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

### France

Commerzbank Aktiengesellschaft  
Succursale de Paris  
Managers: Hansjörg Braun  
Andreas de Maizière  
3 Place de l'Opéra  
F-75002 Paris (France)

### Hong Kong

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

### Japan

Commerzbank Aktiengesellschaft  
Tokyo Branch  
Managers: Heinrich Röhrs  
Folker Streib  
Nippon Press Centre Building  
2-2-1 Uchisaiwai-cho, Chiyoda-ku  
Tokyo 100-91 (Japan)

Commerzbank Aktiengesellschaft  
Osaka Office  
Manager: Migaku Takawa  
Nichimen Building, 7th floor  
2-2-2 Nakanoshima, Kita-ku  
Osaka 530 (Japan)

### Spain

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

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

### United Kingdom

Commerzbank Aktiengesellschaft  
London Branch  
Managers: Jürgen Lemmer  
Gottfried O. Bruder  
10-11 Austin Friars  
GB-London EC2N2HE (England)

### USA

Commerzbank Aktiengesellschaft  
New York Branch  
Managers: Klaus Manfred Patig  
Albrecht O. Staerker  
55 Broad Street  
New York, NY 10004-2552 (USA)

Commerzbank Aktiengesellschaft  
Chicago Branch  
Managers: Hermann Bürger  
Michael W. Kelly  
55 East Monroe Street, Suite 4640  
Chicago, IL 60603 (USA)

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

Commerzbank Aktiengesellschaft  
Los Angeles Branch  
Manager: Helmut M. Weidenbach  
707 Wilshire Boulevard, Suite 3627  
Los Angeles, CA 90017 (USA)



## Subsidiaries and Related Banks

(Majority holdings)

### Domestic Subsidiaries

#### **Berliner Commerzbank AG**

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

Sub-branches:

Charlottenburg  
  Amtsgerichtsplatz  
  Charlottenburg  
  Gedächtniskirche  
  with paying office  
  Kaufhaus Wertheim  
  Kantstrasse  
  Kurfürstendamm  
  Maison de France  
  Otto-Suhr-Allee  
  Reichsstrasse  
Kreuzberg  
  Kochstrasse  
  Kottbusser Tor  
  Mehringdamm  
  Mehringplatz  
Neukölln  
  Buckow  
  Grüner Weg  
  Hermannplatz  
  Hermannstrasse  
  Karl-Marx-Platz  
  Neukölln  
Reinickendorf  
  Hermsdorf  
  Kurt-Schumacher-Platz  
  Reinickendorf  
  Residenzstrasse  
  Tegel  
  Wittenau  
Schöneberg  
  Am Bayerischen Platz  
  Friedenau  
  Hauptgeschäft  
  Martin-Luther-  
  Strasse  
  Schöneberg  
  Wittenbergplatz

Spandau  
  Nonnendammallee  
  Pichelsdorfer Strasse  
  Spandau  
Steglitz  
  Albrechtstrasse  
  Lankwitz  
  Lichterfelde  
  Lichterfelde Ost  
  Steglitz  
Tempelhof  
  Am Flughafen Tempelhof  
  Lichtenrade  
  Mariendorf  
  Marienfelde  
  Tempelhof  
Tiergarten  
  Budapester Strasse  
  Kurfürstenstrasse  
  Moabit  
  Turmstrasse  
Wedding  
  Badstrasse  
  Müllerstrasse  
  Wedding  
Wilmerdorf  
  Halensee  
  Hohenzollerndamm  
  Roseneck  
  Schlangenhader  
  Strasse  
  Schmargendorf  
  Wilmerdorf  
Zehlendorf  
  Schlachtensee  
  Wannsee  
  Zehlendorf



**RHEINHYP****Rheinische Hypothekenbank AG**

Frankfurt · Cologne · Mannheim

Head Office:

3 Taunustor

D-6000 Frankfurt

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

4 Faktorei Strasse

D-6600 Saarbrücken

with 8 branch offices

in Saarland

**von der Heydt-****Kersten & Söhne**

7/9 Neumarkt

D-5600 Wuppertal-Elberfeld

**Ilse Bank, Sandow & Co.**

28 Braunschweiger Strasse

D-3150 Peine

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

1 Neue Mainzer Strasse

D-6000 Frankfurt

**Commerzbank Investment****Management Gesellschaft mbH**

5-7 Mainzer Landstrasse

D-6000 Frankfurt

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

22 Kettenhofweg

D-6000 Frankfurt

**Foreign Subsidiaries****Commerzbank Capital  
Markets Corporation**

One World Trade Center

Suite 3411

New York, NY 10048

**Commerzbank  
International S. A.**

11 Rue Notre-Dame

L-2013 Luxembourg

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

571-573 Herengracht

NL-1017 CD Amsterdam

with branch office at Rotterdam:

6 Westblaak

NL-3012 KK Rotterdam

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

DBS Building

6 Shenton Way 40-00

Singapore 0106

**Commerzbank (Switzerland) Ltd**

7 Lintheschergasse

CH-8023 Zurich 1

with branch office at Geneva:

86 Rue du Rhône

CH-1204 Genève



## Representative Offices Abroad

### Argentina, Chile, Paraguay, Uruguay

Karl-Lutz Ammann  
Representante del  
Commerzbank AG  
456 Avenida Corrientes, Depto. 106  
1366 Buenos Aires (Argentina)

### Australia, New Zealand

Representative Office  
for Australia and New Zealand  
Werner Menges  
MLC Centre, Suite 5508  
19-29 Martin Place  
Sydney, N.S.W. 2000 (Australia)  
G.P.O. Box 5358  
Sydney, N.S.W. 2001 (Australia)

### Brazil

Commerzbank São Paulo  
Serviços Ltda.  
Arno Noellenburg  
1208 Rua Pedroso Alvarenga  
16º andar  
04531 São Paulo-SP (Brazil)  
Caixa Postal 7441  
01051 São Paulo-SP (Brazil)

Commerzbank Rio de Janeiro  
Serviços Ltda.  
Reinhard Riegel  
123 Avenida Rio Branco, conj. 706  
20040 Rio de Janeiro-RJ (Brazil)  
Caixa Postal 910-ZC-00  
20001 Rio de Janeiro-RJ (Brazil)

### Canada

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

### China (People's Republic)

Representative Office Beijing  
(Peking)  
Wolffhart Auer v. Herrenkirchen  
8-4 Citic International Building  
8th floor  
19 Jian Guo Men Wai Da Jie  
Beijing  
(People's Republic of China)

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

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

### Egypt, Sudan, Ethiopia

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

### Indonesia

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

### Iran

Representative Office Tehran  
Dieter Vossen  
13/69 Avenue Karim Khan Zand  
Tehran 15 (Iran)

### Mexico, Central America, Caribbean Islands

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

### Middle East

Representative Office Bahrain  
Robert Firbas v. Harryegg  
Salahuddin Building, Suite 301  
Post Office Box 5400  
Manama (Bahrain)

### Southern Africa

Representative Office  
Johannesburg  
Götz A. Hagemann  
1202 Standard Bank Centre  
78 Fox Street  
Johannesburg 2001  
(Republic of South Africa)  
Post Office Box 61219  
Marshalltown 2107  
(Republic of South Africa)

### Turkey

Representative Office  
for Turkey  
Norbert Gies  
20/5 Mete Caddesi  
80060 Taksim-Istanbul (Turkey)

### USSR

Representative Office Moscow  
Wilhelm Nüse  
4 Pereulok Sadovskikh  
4th floor, Office No. 9  
Moscow 103 001 (USSR)

### Venezuela, Colombia

Rainer Goischke  
Representante del  
Commerzbank AG  
Edificio Plaza el Venezolano  
Piso 5, Oficina C  
25y27 Chorro a Dr. Paul  
Apartado de Correos 5074  
Caracas 1010 A (Venezuela)



## Holdings in Foreign Financial Institutions and in Other Companies Abroad

### **Belgium**

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

### **Brazil**

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

### **Egypt**

Misr International Bank S.A.E.  
Cairo

### **Hong Kong/Japan**

Commerz Securities (Japan)  
Company Ltd.  
Hong Kong/Tokyo

### **Indonesia**

P.T. Finconesia Financial  
Corporation of Indonesia  
Jakarta

### **Luxembourg**

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

### **Morocco**

Banque Marocaine du  
Commerce Extérieur  
Casablanca

Banque Nationale pour le  
Développement Economique  
Rabat

### **Netherlands**

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

### **Netherlands Antilles**

Commerzbank Overseas  
Finance N.V.  
Curaçao

### **Singapore**

Commerzbank  
(South East Asia) Ltd.  
Singapore

The Development Bank  
of Singapore Ltd.  
Singapore

### **South Korea**

Korea International Merchant Bank  
Seoul

### **Spain**

Banco Hispano Americano S.A.  
Madrid

### **Switzerland**

Commerzbank (Switzerland) Ltd  
Zurich  
Finance Company VIKING  
Zurich

### **Thailand**

Mithai Europartners  
Finance and Securities  
Company Ltd.  
Bangkok

### **United Kingdom**

International  
Commercial Bank PLC  
London

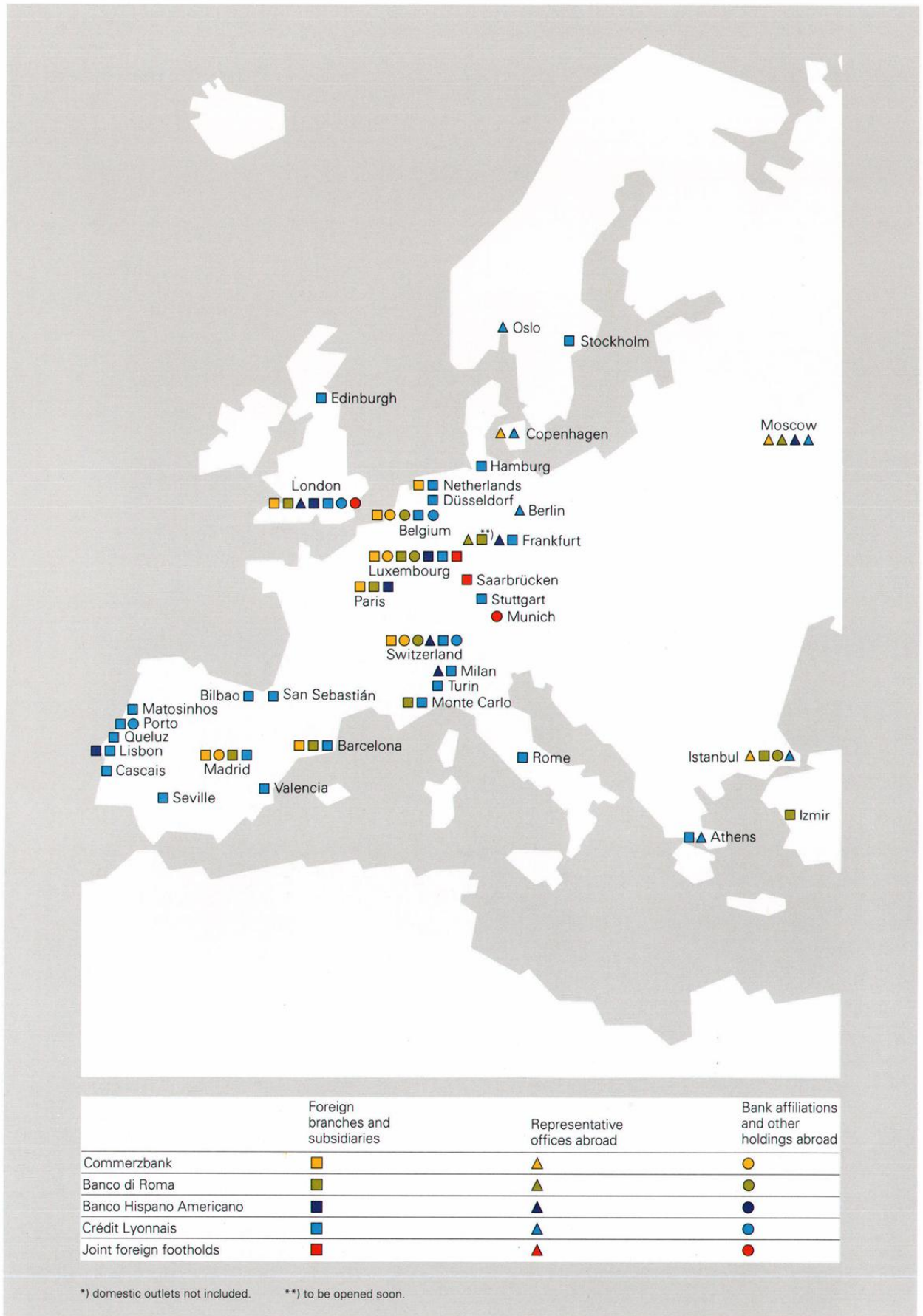
### **USA**

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



# INTERNATIONAL PRESENCE OF THE EUROPARTNERS

THE EUROPARTNERS IN EUROPE \* )





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

## BANCO DI ROMA

	Mid-1987	Mid-1986	Change
Balance Sheet Total	Lire 64,185 billion	Lire 53,169 billion	+20.7%
Deposits	Lire 53,841 billion	Lire 43,927 billion	+22.6%
Capital and Reserves	Lire 2,616 billion	Lire 1,743 billion	+50.1%
Branches	355	351	+ 1.1%
Number of Accounts	1,443,000	1,326,600	+ 8.8%
Staff	14,224	14,262	- 0.3%

## BANCO HISPANO AMERICANO

	Year-end, 1987 <sup>2)</sup>	Year-end, 1986	Change
Balance Sheet Total	Ptas 2,298 billion	Ptas 2,110 billion	+ 8.9%
Deposits	Ptas 1,961 billion	Ptas 1,809 billion	+ 8.4%
Capital and Reserves	Ptas 153 billion	Ptas 113 billion	+35.4%
Branches	1,410	1,429	- 1.3%
Number of Accounts	3,445,500	3,446,400	- 0.1%
Staff	15,048	15,342	- 1.9%

## COMMERZBANK

	Year-end, 1987	Year-end, 1986	Change
Balance Sheet Total	DM 101,108 million	DM 90,807 million	+11.3%
Deposits	DM 94,265 million	DM 84,102 million	+12.1%
Capital and Reserves	DM 4,368 million	DM 4,297 million	+ 1.7%
Branches	793	792	+ 0.1%
Customers	2,539,300	2,428,100	+ 4.6%
Staff	24,090	23,276	+ 3.5%

## CREDIT LYONNAIS

	Year-end, 1987 <sup>2)</sup>	Year-end, 1986	Change
Balance Sheet Total	Ffr 794,447 million	Ffr 773,202 million	+ 2.7%
Deposits	Ffr 687,731 million	Ffr 677,096 million	+ 1.6%
Capital and Reserves	Ffr 17,103 million	Ffr 14,561 million	+17.4%
Branches	2,491	2,508	- 0.7%
Customers	4,593,000	4,432,500	+ 3.6%
Staff	44,937	45,169	- 0.5%

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

	Year-end, 1987 <sup>4)</sup>	Year-end, 1986 <sup>4)</sup>	Change
Balance Sheets Sum Total	DM 457,662 million	DM 432,750 million	+ 5.8%
Deposits	DM 400,133 million	DM 379,138 million	+ 5.5%
Capital and Reserves	DM 15,265 million	DM 12,898 million	+18.4%
Branches	5,049	5,080	- 0.6%
Staff	98,299	98,049	+ 0.3%

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

<sup>2)</sup> provisional;

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

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







# THE EURO PARTNERS OVERSEAS



\*) to be opened soon.





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