COMMERZBANK

Financial Statements and Management Report 2009

Commerzbank AG

Achieving more together

Contents

Management Report of Commerzbank AG

Business and overall conditions

From the point of view of the global economy, 2009 was a year of two halves. Whereas in the first few months of the year, the downturn in the industrialized countries continued unchecked, a recovery began in spring, which in places took the form of a very strong upturn. Once the western governments and central banks had managed to dispel the shock of uncertainty that followed the demise of US investment bank Lehman Brothers, companies began to catch up on the capital investment previously postponed and to restock reduced inventories. The emerging markets in Asia overcame the crisis the quickest and with the least losses, partly because their financial system was only marginally affected by the financial crisis. By contrast, in Central and Eastern Europe the crisis had a significant impact. Home-grown problems, such as the high level of foreign currency private debt in the Ukraine and the collapse in demand from western Europe triggered a sharp economic contraction; Poland was the exception in being able to post a small increase in real gross domestic product in 2009. In western Europe, too, the economy staged a gradual recovery from the spring. However, some countries, such as Spain and the UK, where there had previously been a property boom, probably did not emerge from recession until the end of the year. In all industrialized countries, production is still a long way off the level reached before the outbreak of the crisis, and as a result unemployment has risen sharply in places, while inflationary pressure has continued to fall.

Owning to its high exposure to foreign markets and demand for capital goods, Germany suffered one of the biggest falls in gross domestic product of any industrialized country. Year-on-year, average annual economic growth in Germany contracted by 5 %. However, following the biggest downturn in the history of the Federal Republic in the first quarter, there was a very strong recovery here, too, led by the industrial sector, which had previously been particularly hard hit. Initially, the recovery was led by demand for cars – brought forward by the scrappage scheme in Germany and similar government programmes in other countries – and the turning of the inventory cycle, which is typical at the beginning of an upturn. In the second half of the year, however, demand for capital goods also picked up, putting the recovery on a broader basis. Meanwhile, the labour market trend was a pleasant surprise; by contrast with the severe fall in production, the drop in employment was modest. This was thanks in part to the substantial increase in the short-time working. However, the much greater flexibility in working hours now – increased use of working time accounts, etc. – seems to have played a much greater role.

It was a year of two halves in the financial markets, too. Up to the beginning of March, investors wanted safety more than anything. The prices of shares and corporate bonds continued to plummet, while bonds with the highest credit ratings and liquidity were in demand. As a result, investors also took an increasingly selective approach to government bonds: within the eurozone, yield spreads widened appreciably, and some member states even had problems placing longer-dated issues. The turning point was when the global economy began to show signs of stabilizing. Equities and corporate bonds then made significant gains. However, there was no substantial rise in interest rates, as the markets saw very little threat from inflation and therefore did not expect a rapid response from the central banks. As this also applied to the US Federal Reserve, with the result that the US dollar had an interest rate disadvantage compared with other currencies at the short end of the yield curve, the greenback remained under pressure.

The banking sector environment in 2009 was marked by a phase of consolidation and stabilization following the biggest financial and economic crisis in post-war history in Germany, Europe and the rest of the world. Triggered by a crisis in subprime real estate in the US, a global financial crisis developed, which in turn became a worldwide economic crisis. According to an IMF report, banks in the eurozone had to absorb impairment charges totalling US $350bn on their income statements in 2009.

In 2008 and 2009, many governments launched extensive rescue programmes to stabilize the banking sector, with measures ranging from capital injections and asset purchases to government guarantees. In addition, the central banks greatly increased the supply of liquidity. From mid-2009, the government rescue packages began to feed through, with stability returning to the money and capital markets. Investor risk aversion with regard to the creditworthiness of the banking sector – as measured by the iTraxx CDS index for financial stocks – began to fall again from the spring of 2009 after reaching historical highs.

iTraxx Eur. Fin 5y

Banks' fundamentals also improved during the course of 2009: the median RoE for the big eurozone banks was 6.5 % in the first quarter of 2009 according to the ECB, up from 5.8 % in 2008 and 14.2 % in 2007.

In the second and third quarters of 2009, the modest recovery in European banks' return on equity ratios continued. The big impairment losses on securitized positions and the losses in trading business were not as severe in 2009 as they had been the previous year. In addition, many banks continued the restructuring and cost-cutting programmes that they had begun in 2008. The ECB expects the cost-cutting and reduction of existing overcapacities at eurozone banks to continue.

Both the Bundesbank and the G-20 finance summit have called for incentives structures to be more strongly geared towards the long-term performance of financial institutions. Commerzbank has reacted to these calls by realigning its bonus system.

One major factor with a negative impact on results was the increase in banks' loan loss provisions. Credit defaults caused by the recession reached a substantial level, and Commerzbank was among those hit by the deterioration in credit quality.

The picture as regards the competitive environment for European banks varies according to the segment.

According to a statement by the ECB, competition in retail banking remained as intense as previously, particularly in deposit-taking business, as banks are now looking more towards customer deposits and less towards short-term interbank loans as a source of funding. Between September 2008 and May 2009, eurozone banks reduced the gap in their funding from customer deposits by €700bn. This led to an erosion in deposit margins, which in turn had an adverse effect on Commerzbank's private customer business. In addition, major investment product providers competing with Commerzbank found that private customers were taking a cautious attitude.

By contrast, according to the ECB, European banks' lending margins rose. This may in turn boost Commerzbank's net interest income.

There were also clear signs of recovery in European banks' investment banking business, particularly in the area of bond issues. The high level of issuance by both the public and the corporate sector is boosting banks' commission income according to the German Bundesbank. Not least because some competitors exited the market, margins in investment banking had reached historical highs by the middle of the year and even at the end of the year were still significantly above the pre-crisis level.

In their balance sheet and capital management, European banks – including Commerzbank – were and are focusing mainly on deleveraging, i.e. cutting their debt capital. Reducing public sector guarantees and capital assistance is also on the agenda of many institutions. Some banks have carried out large-scale capital increases to this end. The sector must also take into account the market's increased capital adequacy requirements.

It is worth remembering in addition that the financial and economic crisis has not yet been overcome, so the risk of setbacks cannot be ruled out.

Important business policy events

The most important event in business policy in 2009 was the completion of the Dresdner Bank acquisition in January. The total purchase price for Dresdner Bank was €4.7bn. Along with a cash component and the transfer of cominvest to Allianz, under the terms of the deal, Allianz received some 163.5 million new Commerzbank shares from a capital increase against non-cash contributions. On May 11, 2009, Dresdner Bank AG was merged with Commerzbank. Since then, further important steps have been taken in the integration process. For example, Commerzbank reached an agreement with employee representatives on integrating the Head Offices of Commerzbank, Dresdner Bank and Dresdner Kleinwort in Frankfurt. Furthermore, an agreement was reached on the reconciliation of interests regarding the integration of Dresdner Bank's employees and regional locations into the new Commerzbank. As part of the agreements reached, the original plan to make no operational redundancies before the end of 2011 has been extended to 2013, provided that certain targets are met. In addition, the investment banking arm of the Commerzbank Group has been operating under the uniform Commerzbank brand since September 1.

Against the backdrop of the financial and economic crisis and the integration of Dresdner Bank, Commerzbank repositioned itself in spring 2009. With its three-point programme "Roadmap 2012", Commerzbank plans to reinforce its status as market leader in German private and corporate customer business. The focus is on being a profitable core bank, which will involve optimizing asset-based lending business in Real Estate and Public Finance and reducing those portfolios that do not form part of the Bank's core business through active management. At the heart of the new Commerzbank will be the Private Customers and Mittelstandsbank segments, customer-oriented Corporates & Markets activities and Central and Eastern Europe.

In the Private Customers segment, the target structure for the new Commerzbank will represent the largest advisor network on the German banking market, with some 1,200 branches and 10,000 employees. This strong market position will be further expanded through the rapid integration of Dresdner Bank and rigorous cost management. The Mittelstandsbank segment will focus on services for German companies on the domestic and international market. The aim is to further enhance its position as the leading export financer in the German economy. Economies in Eastern Europe will post stronger growth over the medium and long term than those in Western Europe and in the US. Within its Central & Eastern Europe (CEE) segment, Commerzbank will concentrate in particular on its strong position in Poland. Corporates & Markets (C&M) will place client-oriented services for the Bank's core target groups at the centre of its activities. Other business areas will be reduced or discontinued. The main locations will be Frankfurt and London. In the Asset Based Finance segment, risk-weighted assets have been scaled back and activities refocused within Commercial Real Estate, Public Finance and Shipping. In real estate finance, there are plans to downsize the portfolio to around €60bn by the end of 2012. In Public Finance, the goal is to scale back the portfolio to a maximum of €100bn by 2010. Ship financing will also be scaled down. Portfolios that do not form part of the realigned core bank (other types of structured products and credit derivatives) are grouped together within the Portfolio Restructuring Unit, where they are actively managed and reduced to optimize value.

Commerzbank will build on its strengths as the main bank for private and corporate customers in Germany and gears its business model accordingly. By no later than 2011, the Commerzbank Group intends to be operating at a profit again. From 2012 onwards, Commerzbank intends to generate a Group operating profit of more than €4bn per year, and an after-tax return on equity of approximately 12 %. This is perfectly compatible with the business model and risk profile of the Commerzbank Group. The Group's risk-weighted assets will be reduced to less than €290bn by 2012.

At the beginning of May, the EU Commission approved the second assistance package from the Special Fund for Financial Market Stabilization (SoFFin) agreed in January, on condition that we reduce our total assets and spin off Eurohypo by 2014. After approval of the capital increase for SoFFin at the Annual General Meeting, the increase was then registered, and the silent participations of both SoFFin (€8.2bn) and Allianz (€750m) were transferred to Commerzbank. The capital increase was carried out by issuing roughly 295 million ordinary shares at a price of €6 per share, giving SoFFin a holding of 25 % plus one share in the new Commerzbank.

Progress has been made in trimming down to our core business and meeting the SoFFin requirements calling for the disposal of certain investments. For instance, Commerzbank divested Dresdner Bank (Switzerland) at the end of July through a sale to the Liechtenstein-based LGT Group. As at December 31, 2008, Dresdner Bank (Switzerland) had 311 employees and assets under management of CHF9.4bn. Commerzbank also spun off Commerzbank (Switzerland) AG at the end of July. It was purchased by the Vontobel Group. Commerzbank (Switzerland), which is headquartered in Zurich and has a branch in Gevena and a subsidiary in Vienna, is active in the affluent private customer business. As at December 31, 2008 it had 127 employees and assets under management of CHF4.5bn. Similarly at the end of July, Commerzbank also sold all of its shares of Reuschel & Co. Kommanditgesellschaft to Conrad Hinrich Donner Bank AG. As at December 31, 2008, Reuschel & Co. Kommanditgesellschaft had 425 employees and a net profit for the year of €8.8m. The supervisory authorities have approved these transactions.

In addition, Commerzbank completed further sales negotiations resulting from its strategic reorientation and focus on selected locations in Wealth Management as part of the integration with Dresdner Bank.

At the beginning of October it sold Dresdner Van Moer Courtens and the Belgium branch of its subsidiary Commerzbank International S.A. Luxembourg (CISAL), which caters to affluent private customers, to members of management. The transaction is subject to the necessary approvals from the authorities. Dresdner Van Moer Courtens concentrates on wealthy private customers and securities trading. The Belgium branch of Commerzbank International S.A. Luxembourg is also active in this customer segment. At the end of 2008 the two institutions together managed assets of €615m and employed 48 staff. The Brussels branch of Commerzbank AG Frankfurt, which specializes in the corporate customer segment, will continue to be run by Commerzbank.

In mid-October Commerzbank sold the UK wealth management unit of Kleinwort Benson to RHJ International, which includes the companies Channel Islands Holdings Limited and Kleinwort Benson Private Bank Limited. Its business strategy was specialized in asset management and fiduciary transactions in the UK. As at the end of 2008 the Wealth Management units had assets under management of £5.4bn (€5.7bn) and assets under administration of £15.7bn (€16.5bn). As at December 2008 they employed around 650 staff. Investment banking activities have not been affected by the transaction. The sale is subject to the usual approval required from the anti-trust and supervisory authorities and is expected to be concluded in the first half of 2010.

In addition Commerzbank is selling its 74 % shareholding in Austrian Privatinvest Bank AG to Zürcher Kantonalbank. The transaction is subject to approval by the anti-trust and supervisory authorities. Privatinvest Bank AG was previously held by Reuschel & Co. Privatbankiers, with its head office in Salzburg and a branch in Vienna. Its business activities include financial planning, asset management and liquidity management. At the end of June 2009, it employed approximately 50 staff and had assets under management worth approximately €600m. The activities of the Vienna branch of Commerzbank AG Frankfurt will be unaffected by the transaction.

Information on further divestments can be found in the report on events after the balance sheet date.

Commerzbank offers its private and corporate customers in Germany a nationwide network for its wide range of services and advisory capabilities. Outside of Germany, the Bank has 25 operational foreign branches, 33 representative offices and nine significant subsidiaries. An overview of the international branch offices is available on cover page 109 of this report.

Earnings performance, assets and financial position

Income statement

For the 2009 financial year, Commerzbank Aktiengesellschaft made an annual net loss of €7,576m following a net loss of €1,204m the previous year. An amount equal to the net loss for 2009 was released from capital reserves and retained earnings so that the net result is €0 for the year. This ensures that hybrid capital instruments coupled to the financial statements under HGB will not be written down. As Commerzbank received assistance from the German government's financial markets stabilization programme we are not permitted to pay a dividend, regardless of the earnings situation, for the 2008 and 2009 financial years.

The decline versus the previous year's result is primarily a result of the acquisition and the merger and integration of Dresdner Bank. Moreover, the result was impacted by effects from the economic and financial market crisis and is based on increased loan loss provisions and write-downs on securities holdings. The merger of Dresdner Bank with Commerzbank AG had a noticeable effect on the individual earnings components in 2009, which developed as follows:

Net interest income, which is the balance of interest income less interest expense – including current income from equities, investments in associates and subsidiaries with profit-and-loss transfer agreements – increased by €3,593m year-on-year to €6,957m. This increase was primarily the result of higher interest income from lending and money market transactions due to the greater business volume. In total, interest income from lending, money market transactions, fixed-income securities and debt register claims rose by 23.8 % to €15,971m. The rise in interest income was accompanied by a 3.1 % increase in interest expense to €10,671m. Income from profit-and-loss transfer agreements with subsidiaries posted a significant increase of €725m to €878m.

Net commission income rose by 70.2 % or €1,233m compared with the previous year, to €2,989m. This includes a 64.9 % increase in commissions received, to €3,546m, and a 41.4 % increase in commissions paid, to €557m.

Net income from financial transactions declined in 2009 compared with the previous year by €361m to €–705m. The current trading profit and positive valuation effects in connection with monocline insurers were not sufficient to compensate for high extraordinary charges due to the financial crisis, in particular impairment losses on the ABS portfolio.

The balance of other operating income and expenses came to €–288m in the period under review compared with €5m in the previous year.

Operating expenses amounted to €7,459m in the year under review following €3,403m the previous year. Personnel expenses were 98.6 % higher at €3,837m due to a 78.9 % increase in the average number of employees from 23,686 in the previous year to 42,382 in 2009. Other administrative expenses rose by €2,151m to €3,622m during the same period.

Depreciation, amortization and impairments of intangible assets and fixed assets increased by €213m to €339m in the year under review. In addition to regular write-downs, the merger of Dresdner Bank produced revaluations on real estate.

Write-downs, valuation adjustments on claims and certain securities as well as allocations to provisions for possible loan losses amounted to €–1,687m following €1,031m in 2008. Write-downs and valuation adjustments on equity investments, investments in associated companies and securities treated as fixed assets stood at €–1,119m (€–1,074m) in 2009.

Expenses from assuming the losses of subsidiaries with profit-and-loss transfer agreements fell by 13.9 % year on year in 2009, but remained at the very high level of €2,048m due to the economic and financial crisis. As in the previous year, the main factor was the net loss of Commerzbank Inlandsbanken Holding GmbH, which was primarily caused by a write-down and the assumption of the net loss of our subsidiary Eurohypo AG in 2009.

The result from ordinary business activities before the release of the special reserve for general banking risks and extraordinary expenses amounted to €–3,699m.

After income from the release of the special reserve for general banking risks of €705m, extraordinary expenses of €4,830m (comprising losses of €3,408m from the merger of Dresdner Bank AG and restructuring expenses of €1,422m) and tax income of €248m, this generated a net loss for the year of €–7,576m.

Balance sheet

The total assets of Commerzbank AG increased by 63.2 % or €244.2bn over the course of 2009 from €386.4bn to €630.6bn. This strong increase was attributable to the merger of Dresdner Bank and reflected in virtually all items on the balance sheet.

Claims on banks rose versus the previous year – particularly in the short to medium-term maturity segment – by 37.9 % to €167.4bn. Claims on customers increased by 61.0 % to €207.5bn, with more than half of this increase coming from the long-term maturity segment. Bonds and other fixed-income securities rose by 21.0 % to €103.3bn. The rise in bonds and notes was accompanied by a slight decline in money market paper. Overall, the increase in volumes applied exclusively to the trading portfolio. Shares and other non-fixed-income securities stood at €12.0bn, which is slightly more than double the end of the previous year. The combined value of investments in subsidiaries and associates and holdings in affiliated companies was approximately €15.1bn, €1.7bn or 12.5 % higher than the previous year. This increase was primarily related to the merger of Dresdner Bank. The strong increase of €83.9bn in other assets to €105.1bn resulted primarily from the reporting change for deferred interest for derivatives.

On the liabilities side, the growth in volumes was especially seen in customer and bank deposits, securitized liabilities and other liabilities. For instance, liabilities to banks rose sharply by 12.6 % to €152.6bn. Liabilities to customers saw an even larger increase of 54.6 % to €216.3bn. This included an especially substantial increase in demand deposits.

Securitized liabilities rose compared with the end of 2008 – primarily through an expansion in the bonds and notes issued – by 46.9 % to €86.2bn. The strong €106.0bn increase in other liabilities to €121.5bn was primarily the result of the reporting change for deferred interest on derivatives under liabilities. Subordinated liabilities were up 28.2 % year-on-year to €12.1bn, while profit-sharing certificates had increased by 40.3 % at the end of 2009 to €1.3bn. Off-balance-sheet liabilities were also significantly higher year on year: contingent liabilities rose by 29.1 % to €38.2bn and irrevocable lending commitments by 50.1 % to €71.7bn.

Equity

Reported equity at December 31, 2009 was up 26.6 % or €4.8bn over the end of 2008 at €22.7bn, due mainly to the two capital increases in the first half and higher silent participations. A contrary effect resulted from the release of reserves in connection with the net loss reported for the current financial year.

The €1.2bn increase in share capital and capital reserves stemmed firstly from the capital increase for non-cash contributions in the first quarter, from which Allianz received around 163.5 million new Commerzbank shares as part of the purchase price for Dresdner Bank. Secondly, it reflected the capital increase for cash provided by SoFFin following the EU Commission's approval of the second SoFFin package and subsequent endorsement of the capital increase by the Annual General Meeting. Through the issue of around 295 million ordinary shares at a price of €6 per share, SoFFin now owns a stake in Commerzbank AG of 25 % plus one share. Silent participations also increased by €9.8bn. In addition to the transfer of the silent deposits of Dresdner Bank as a result of the merger, the increase was due in particular to two measures. In the second quarter SoFFin paid a second tranche of around €8.2bn and Allianz an additional €750m. Both participations receive interest at a rate of 9 %, insofar as that Commerzbank AG reports a balance sheet profit further to HGB (German Commercial Code). In accordance with the restrictions imposed by the EU, Commerzbank made no earnings-related payments in respect of the silent participations during the reporting year; it did, however, release reserves in order to avoid a reduction in the book value of the silent participations. As a result of the release of reserves to compensate for the net loss, capital reserves and retained earnings taken together fell – despite the capital increases – by nearly 80 % compared with the end of the previous year to €1.6bn. In accordance with EU restrictions, Commerzbank will make earnings-related payments in 2010 only if it is obliged to do so without releasing reserves or special reserves pursuant to section 340g HGB. Where necessary and permitted by law, Commerzbank will release reserves in 2010 in order to prevent the carrying amount of its equity instruments being reduced through loss participation.

Since 2007 the Bank has made use of the waiver rule of section 2a KWG, which means it only reports risk-weighted assets and capital ratios for the Group to the supervisory authority. These risk-weighted assets increased as a result of consolidation from the end of 2008 by €58.3bn to €280.1bn. The core capital ratio rose from 10.1 % to 10.5 %, while the capital ratio went from 13.9 % to 14.8 %.

Summary of 2009 business position

Having to report a net loss for the 2009 financial year gives us no cause for satisfaction, even though we were confronted with very great challenges. The first of these challenges was dealing with the consequences of the ongoing economic and financial market crisis, which were reflected particularly in sharply increased loan loss provisions, while the second challenge was that of coping with burdens resulting from the acquisition and integration of Dresdner Bank, the strategic realignment of Eurohypo and the de-risking process. However, we also made considerable progress during the year under review, as we reduced risks, improved our long-term capital base and forged ahead with the integration of Dresdner Bank.

Corporate responsibility

Commerzbank continues to back sustainability and promotes climate protection

The "Corporate Responsibility Report 2009" presents a detailed description of Commerzbank's commitment to sustainability. It is available in printed form, as well as on the Internet (http://sustainability2009.commerzbank.com) in an interactive version and in PDF format. The sustainability report simultaneously serves as a progress report for the UN's Global Compact, which Commerzbank joined in 2006. As the first report on the corporate responsibility of Commerzbank it was examined within the scope of the Global Reporting Initiative and found to meet the requirements of the highest category, "Application Level A".

Corporate responsibility has been a guiding principle for the daily activities of Commerzbank for many years. In other words, it is not something that has been introduced since the financial markets crisis. We review our progress in this area on a periodical basis and measure it against our own requirements as well as those of our stakeholders. The entire management team of the new Commerzbank that has evolved since the acquisition of Dresdner Bank is fully aware of the high degree of responsibility to be borne by the Bank as a player in the economy and a member of society. Through its financing activity, Commerzbank has been playing a significant role for many years in sustainable projects and the development of technologies to protect the climate. We aim to continue to broaden our scope to exercise influence in this area in the future, for example through our climate strategy.

Below we present some of the main aspects of the four areas of action relating to sustainability – Market & Customers, Environment, Employees and Society – and report on significant developments.

Market & Customers

Commerzbank has a wide variety of sustainable products and services. The centrepiece of the Bank's offering is corporate and project financing along the entire value chain within the area of renewable energy. Our internal Center of Competence Renewable Energies is market leader in Germany and one of the ten largest financers of renewable energy in the world. Its portfolio volume was around €4bn in 2009. In the first quarter of 2009 an innovative service was launched by the Mittelstandsbank: "klima:coach", the first financial product of its type in Germany. It offers small and medium-sized clients expertise on financial and climate issues. It analyzes the energy efficiency and CO_2-intensity of corporate processes and uses benchmarks to compare them with those of companies in similar industries. It uses these data to show potential reductions and gives customized recommendations on steps to take and financial issues. One of the main tools for limiting climate change is trading in CO_2 emission rights. In the last five years, an in-house emissions trading team has established itself as one of the world's leading suppliers of climate protection solutions. Moreover, Commerzbank is invested in microfinance banks in south-eastern Europe which provide loans to small and medium-sized companies. The Bank also supports activities in developing countries and emerging markets, which is why it decided in September 2009 to contribute $750m to the World Bank's Global Trade Liquidity Program. The initiative is intended to support trade finance in developing countries and will in particular benefit sub-Saharan African countries.

Environment
In the area of environment, Commerzbank has laid the foundation for sustainable environmental and climate management with the adoption of its climate strategy, environmental policy and the consolidation of the environmental management systems of Dresdner Bank and Commerzbank. In mid-2009 the combined environmental management system was re-certified. From January 1, 2010 green electricity has met 90 % of the needs of both companies. The new Bank's carbon footprint has also been calculated and used as the basis for setting reduction targets by 2011. The goal is to reduce group-wide CO_2 emissions by 30 % versus the reference year (2007) and gradually turn the new Commerzbank into a climate-neutral company.

Society
In particular through its foundations, Commerzbank is involved in education and research, art, culture and social causes. In 2009, the sponsorship volume of the Commerzbank Foundation alone was again approximately €1.5m, and since its formation in 1970 it has donated a total of around €22.8m. Following the merger of the Dresdner Bank and Commerzbank foundations, the total donation capital is now approximately €100m. The new Commerzbank firmly intends to pursue its social commitment in the future. The Foundation's activities are to focus even more strongly on education. Commerzbank has already launched two projects in this area, for example, which are extremely successful throughout Germany: the "Internship for the Environment", created in 1990, and the "Campus of Excellence" initiative.

Our Employees
Our aim is to be the best bank for our customers. The best bank needs the best staff working for Commerzbank's success: competent, committed, reliable and always focused on customers.

The number of employees at Commerzbank AG decreased in 2009 by 1,421 employees, or 3.1 %, to 44,227 as at December 31, 2009.

The year under review presented a significant challenge to Human Resources. It took on a key role in the "Growing Together" project, which aimed at integrating the staff of Dresdner Bank. In terms of its size, complexity, and timeframe, the integration has been a unique process within the German banking landscape. Two corporate worlds, with their different products, standards, systems and cultures, needed to be harmonized. From the very start, therefore, HR staff were involved in planning the integration, so that they could manage implementation of personnel measures across the board. A core milestone in the “Growing together” project was reaching agreement with the employee representatives on the reconciliation of interests and a social plan for Head Office and the branch network. When announcing Commerzbank’s takeover of Dresdner Bank, the Board of Managing Directors also made known its personnel policy principles, which amongst other things ruled out compulsory redundancies until the end of 2011. A “staggered implementation” was also agreed, which meant that if the reductions went to plan, redundancy protection would be extended to 2012 or 2013. So far the targets look achievable, with several thousand staff having already taken up age-related short-time working or compensation offers, or having found a new direction.

Attracting the next generation of employees was already a key issue at the time of the integration, as it is the only way to ensure Commerzbank’s future viability. Attracting the best of the next generation is becoming ever more important. Demographic change does not spare banks. To ensure we hire the best, we have therefore restructured Talent Management. School leavers, students and university graduates are now looked after on a regional basis. The new structure ensures that these young men and women receive targeted advice.

Our occupational health management programme is a model for other German companies and we were delighted when it was presented with the inaugural Corporate Health Award 2009 in early November. This is recognition for work that, thanks to cooperation with specialist providers, has become a uniform, high-quality service throughout Germany. The “Im Lot – Ausgeglichen bei der Arbeit” project (“Sorted – work/life balance”), a joint initiative of the Bank and the Works Council, has developed a healthy work model and identifies the factors causing our employees mental stress and strain. In 2009 we also analyzed an extensive range of studies and developed measures to protect the health and performance of our staff over the long term. These will be implemented in 2010, together with a raft of measures to prevent health threats. Dresdner Bank and Commerzbank have traditionally offered a wide range of company sports activities. Because people need exercise to be healthy, in 2009 we merged these offerings and linked them even more closely with health management.

All the different facets of our employees’ individuality is reflected in and enriches the Bank. Diversity was an everyday practice in both Dresdner Bank and Commerzbank before the integration. Commerzbank has advocated for more than two decades that the people we employ should be able to pursue their own personal life models. We respect their views, orientation and values. These are not hollow words. For example, we are one of the signatories of the “Diversity Charter for Companies in Germany” and for many years have been committed to enabling our staff to reconcile family life with working life. We pay particular attention to ensuring that childcare is consistent with the actual lifestyles and needs of our employees. Frankfurt’s Kids & Co. childcare day centre expanded in 2009 because of the Dresdner Bank integration. Another major project in 2009 was the start of “Diverse leadership – women in senior positions”. Fifty percent of the Bank’s employees are female, so women are still under-represented in senior positions, even though they are highly trained. The project will start with a precise analysis of the causes before proposing specific measures to create the conditions to enable women to occupy senior functional, project management and management positions.

Due to Dresdner Bank's integration and stronger political regulation in the wake of the financial crisis, Human Resources was tasked in 2009 with designing an innovative remuneration system for the new Commerzbank to foster responsible and sustainable behaviour while averting short-termist risk-taking. This innovative remuneration system is based on both the long-term success of the new Commerzbank and personal performance. At the core of the new remuneration system are three models tailored to different groups of employees, which will be launched in 2010. Remuneration in our subsidiaries will also be gradually adjusted to the new models, as required.

Remuneration Report

The report follows the recommendations of the German Corporate Governance Code and complies with the requirements of the German Commercial Code as well as the Disclosure of Remuneration of Members of the Board of Managing Directors Act (VorstOG), which came into force on August 11, 2005.

Board of Managing Directors

Principles of the remuneration system

In its meeting on December 14, 2009, the Supervisory Board agreed on a new remuneration system for the Board of Managing Directors, which will be implemented from 2010. We will report on the remuneration structure that came into effect in January 2010 at the 2010 Annual General Meeting and in the 2010 Annual Report. This remuneration report for the 2009 financial year will thus comment on the remuneration regulations in place during the period under review.

Remuneration for the members of the Board of Managing Directors comprises the following components: fixed remuneration, a variable performance-related bonus, long-term performance plans and pension commitments. The remuneration structure is based primarily on the situation and level of success achieved by the Company as well as the performance of the Board. The current remuneration structure for members of the Board of Managing Directors was decided by the Presiding Committee of the Supervisory Board in July 2004 and supplemented in November 2006 and February 2007. Since the Act on the Appropriateness of Management Board Compensation (VorstAG) came into effect, the plenary Supervisory Board has been responsible for determining and, where necessary, amending the remuneration structure. Since this date, the full Supervisory Board has also been responsible for agreeing the remuneration of individual members of the Board of Managing Directors when contracts are amended or extended and when new contracts are entered into.

Commerzbank drew down funds from the Financial Market Stabilization Fund (SoFFin) at the end of 2008 and 2009. SoFFin tied the disbursement of these funds to the condition that the remuneration of the members of the Bank's boards should not exceed €500,000 p.a. per member[1] for the financial years January 1, 2008 to December 31, 2008 and January 1, 2009 to December 31, 2009 in respect of the duties they carried out for the Group (SoFFin cap). This cap also applies to remuneration in 2010 if the coupon on the SoFFin silent participation is not paid in full for 2010. Pension entitlements and remuneration components relating to periods ending before January 1, 2008, and non-cash elements are not subject to this cap, provided they are of the same type and of an equal or lower amount as they were prior to November 1, 2008 and the total remuneration is thus appropriate.

Fixed remuneration components

The fixed remuneration components include basic salary and non-cash contributions.

For the year under review, the basic salary, which is paid in twelve equal monthly amounts, is €760,000 p.a. for the Chairman of the Board of Managing Directors and €480,000 for the other members of the Board. Due to the conditions imposed by SoFFin the basic salary of the Chairman has been reduced to a maximum €500,000 for the financial years 2008 and 2009.

Non-cash contributions mainly consists of the use of a company car with driver, security measures and insurance contributions, and tax and social security contributions thereon. The specific amount of these benefits varies between the individual members of the Board depending on their personal situation.

Performance-related remuneration

Due to the Bank's earnings situation, the Supervisory Board set the variable remuneration component for the members of the Board of Managing Directors at €0 for the 2009 financial year. As a result, the remuneration of the members of the Board of Managing Directors of Commerzbank AG does not exceed the total remuneration cap agreed with SoFFin of €500,000 per member.

Besides the fixed remuneration, the remuneration system in place for 2009 allows members of the Board of Managing Directors a variable bonus based on the following key performance ratios: return on equity (RoE) before tax, the cost/income ratio (CIR) and operating earnings before tax (excluding extraordinary factors). Targets for each of these three equally-weighted parameters and a target bonus are set for each of the members of the Board of Managing Directors; the bonus resulting from these inputs is limited to twice the target bonus. To reward the individual performance of members of the Board of Managing Directors and to take account of exceptional developments, the Presiding Committee may in addition raise or lower the bonus thus calculated by up to 20 %. The bonus for a financial year is paid out in the following year. Remuneration in relation to the performance of mandates for consolidated subsidiaries is offset against the variable bonus.

[1] For members of the Board of Managing Directors appointed during the year this cap applies on a pro rata basis.

Remuneration for serving on the boards of consolidated subsidiaries

Payments received by the individual board members for serving on the boards of consolidated subsidiaries (Group mandates) are offset against the variable bonus in the following year. As no variable remuneration is to be paid for the 2009 financial year, the amounts received for Group mandates cannot be offset. However, remuneration for serving on the boards of Group companies paid in the financial years 2009 and 2010 will be offset in full against the SoFFin cap of the previous year. If the remuneration paid for serving on these boards is higher than €20,000, the member of the Board of Directors in question transfers the excess amount to Commerzbank or the relevant subsidiary; this ensures that the total remuneration does not exceed the SoFFin cap of €500,000.

Members of the Board of Managing Directors were paid the following remuneration for serving on the boards of consolidated subsidiaries in the year 2009:

in € 1,000	Remuneration for serving on the boards of consolidated subsidiaries (excluding VAT)	Of which was transferred in accordance with SoFFin requirement
Martin Blessing	–	–
Frank Annuscheit	23	3
Markus Beumer	19	–
Dr. Achim Kassow	232	212
Jochen Klösges	–	–
Michael Reuther	–	–
Dr. Stefan Schmittmann	7	–
Ulrich Sieber	–	–
Dr. Eric Strutz	48	28
Total	**329**	**243**

Long-term performance plans

Members of the Board of Managing Directors and other executives and selected staff of the Group were able to participate in long-term performance plans (LTPs). These are virtual stock option plans that until 2008 were offered each year and pay out in the event that the Commerzbank share price outperforms the Dow Jones Euro Stoxx Banks Index over three, four or five years and/or the Commerzbank share price gains at least 25 % in absolute terms. If these thresholds are not reached after five years, the option lapses. If payments are made, members of the Board of Managing Directors must each invest 50 % of the gross amount paid out in Commerzbank shares. Participation in the LTPs thus involves a personal investment in Commerzbank shares. Members of the Board of Managing Directors were able to participate with up to 2,500 shares, the Chairman of the Board of Managing Directors with up to 5,000 shares.

The members of the Board of Managing Directors now only participate in the ongoing LTPs for 2006 and 2007. The potential remuneration stemming from participation in the LTPs may differ considerably from the fair values stated in the notes or could even be zero as the final pay-out amounts are not fixed until the end of the term of each LTP. Potential remuneration from the 2006 and 2007 LTPs are not offset against the SoFFin cap as they were agreed before the SoFFin agreement came into force.

Owing to the performance of the Commerzbank share price, no LTP payment was made during the year under review.

Pensions

The Bank provides members and former members of the Board of Managing Directors or their surviving dependants with a pension. A pension is paid if, upon leaving the Bank, members of the Board of Managing Directors

- have celebrated their 62^{nd} birthday
- are permanently unable to work
- end their employment contract with the Bank after celebrating their 58^{th} birthday having been a member of the Board of Managing Directors for at least 10 years, or
- have been a member of the Board of Managing Directors for at least 15 years.

The pension consists of 30 % of the latest agreed basic annual salary after the first term of appointment, 40 % after the second and 60 % of the latest agreed basic annual salary after the third term of appointment. The pensions are reduced in line with the statutory provisions on company pensions if members of the Board of Managing Directors leave the Board before their 62^{nd} birthday. Vesting of pension rights is also essentially based on the statutory provisions on company pensions.

Instead of their pension, members of the Board of Managing Directors will continue to receive their pro-rated basic salary for six months as a form of transitional pay if they leave the Board after celebrating their 62^{nd} birthday or they are permanently unable to work. If members of the Board of Managing Directors receive a pension before their 62^{nd} birthday without being unable to work, the pension will be reduced to reflect the payments starting earlier. Up to this age, half of any income received from other activities will be set off against the pension entitlements.

Pension payments to members of the Board of Managing Directors are raised by one percent p.a. from the date when they are first paid out. Under certain circumstances an increase in excess of this level will be considered, but there is no automatic right to any such increase.

The following table lists the pension entitlements of the active members of the Board of Managing Directors in the financial year 2009:

in € 1,000	Pension entitlements Projected annual pension at pensionable age As of 31.12.2009[1]	Cash value of pension entitlements As of 31.12.2009[1]
Martin Blessing	456	1,582
Frank Annuscheit	288	903
Markus Beumer	288	606
Dr. Achim Kassow	288	833
Jochen Klösges	288	443
Michael Reuther	288	874
Dr. Stefan Schmittmann	288	597
Ulrich Sieber	288	476
Dr. Eric Strutz	288	928
Total		**7 242**

[1] The amounts take account of the current term of appointment of the individual Board Members and assume that the pension, except in cases of incapacity to work, will not be drawn until a member's 62^{nd} birthday and that the member will remain on the board until the pension is due.

The pension entitlements of members of the Board of Managing Directors are not subject to the SoFFin cap.

The surviving dependant's pension for a spouse amounts to 66⅔ % of the pension entitlement of the member of the Board of Managing Directors. If no widow's pension is paid, minors or children still in full-time education are entitled to an orphan's pension amounting to 25 % each of the pension entitlement of the member of the Board of Managing Directors, subject to a maximum overall limit of the widow's pension.

The assets backing these pension obligations have been transferred under a contractual trust arrangement to Commerzbank Pension-Trust e.V. The pension provisions set aside under the regulations of the German Commercial Code (HGB) for defined benefit liabilities as at December 31, 2009 amounted to €7.2m for members of the Board of Managing Directors (table detailing individual entitlements). In the year under review additional provisions of €2.2m were set aside for the active members of the Board of Managing Directors. In the year under review no assets were transferred to Commerzbank Pension Trust e.V. However, in July 2009, the Dresdner Bank Pension Trust e.V. was merged into Commerzbank Pension Trust e.V.

Change of control

In the event that a shareholder acquires at least a majority of the voting rights represented at the Annual General Meeting, or that an affiliation agreement is signed with Commerzbank as a dependent entity, or in the event of Commerzbank being merged or taken over (change of control), all members of the Board of Managing Directors are entitled to terminate their contracts of employment. If any member of the Board of Managing Directors utilizes this right to terminate their contract and the Supervisory Board accepts their resignation from the Board of Managing Directors or if, in connection with the change of control, their membership of the Board ends for other (i.e. defined) reasons, they are entitled to compensation for the remainder of their term of office equal to 75 % of their average total annual pay (basic salary and variable bonus) plus a severance payment equal to their average total annual remuneration for two to four years. Taken together, the compensatory pay and severance payment may not exceed total average pay for five years.

There is no entitlement to a severance payment if the member of the Board of Managing Directors receives payments from the majority shareholder, from the controlling company or from the other legal entities in the event of integration or merger in connection with the change of control.

For Mr. Annuscheit, Mr. Beumer and Dr. Schmittmann, the compensation and severance payment taken together may not exceed either average total annual remuneration for three years or 150 % of the total remuneration due for the residual term of office at the date of the termination of the employment contract. No change of control clause has been agreed for Mr. Klösges and Mr. Sieber, who were appointed to the Board of Managing Directors in 2009, and Mr. Reuther, whose contract was extended.

The compensatory pay and severance payment taken together may in no case exceed the average total annual pay for the period up until a board member's 65th birthday. With regard to retirement benefits and long-term performance plans members of the Board of Managing Directors are essentially treated as if they had remained on the Board of Managing Directors until the end of their current term of office. There is no entitlement to severance pay if members of the Board of Managing Directors receive payments in connection with the change of control from the majority shareholder, the controlling company or the new legal entity in the event of a merger or acquisition.

When members of the Board of Managing Directors are appointed or have their contracts extended, these contracts will no longer contain change of control clauses with respect to the new remuneration system for the Board of Managing Directors agreed by the Supervisory Board for 2010. In addition, a cap on severance pay has been agreed in accordance with the recommendation of the German Corporate Governance Code.

Other regulations

The contracts of employment of members of the Board of Managing Directors have so far always ended automatically with the end of their term of office. In derogation of this, those members who joined Commerzbank's Board of Managing Directors before 2002 will, in the event of the premature ending of their appointments – except in the case of termination for grave cause – be released from the remaining term of their contract of employment and will continue to receive their basic salary for the remainder of their term of office[2]. If a contract of employment is not extended at the end of a term of office, without there being grave cause for termination, members of the Board of Managing Directors so affected will continue to receive their basic salary for a further six months. Members of the Board of Managing Directors who were appointed to the Board before 2004[3] receive their basic salary in such cases for a further twelve months from the end of their second term of office. This continuation of salary ceases if members of the Board receive payments under the regulations set out above in the section headed Pensions.

Mr. Hartmann stepped down from the Board in May 2009. For Mr. Hartmann is shown only a fixed remuneration amount of €200,000 on a pro rata basis only in respect of his activities on the Board of Managing Directors during 2009. However, Mr. Hartmann is contractually entitled to receive the agreed fixed remuneration for the remaining duration of his original appointment.

Mr. Knobloch received a payment of €1.113m in relation to the Dresdner Bank transaction as part of his severance agreement of August 31, 2008. However, the amount of this payment is being disputed; the Bank is seeking a partial repayment of the amount after it was reduced in accordance with Art. 87 (2) of the German Companies Act, while Mr. Knobloch is seeking payment of an additional amount.

No members of the Board of Managing Directors received payments or promises of payment from third parties in the last financial year in respect of their work as a member of the Board of Managing Directors; the same applies to payments or promises of payment from companies with which the Commerzbank Group has a significant business relationship.

[2] Messrs. Blessing and Hartmann.
[3] Messrs. Blessing, Hartmann and Dr. Strutz.

Summary

The following tables show the basic salaries, variable remuneration, remuneration for serving on boards and other remuneration paid to the individual members of the Board of Managing Directors for 2009 and, for comparison purposes, for 2008:

Amounts in € 1,000		Basic salary	Variable remu-neration[3]	Remu-neration for serving on boards	of which reduction further to SoFFin-requirement[4]	Payouts of share-based remuner-ation plans[5]	Other[6]	Total[7]
Martin Blessing	2009	500	–	–	–	–	72	572
	2008	500	–	43	–	100	86	729
Klaus-Peter Müller	2009[2]	–	–	–	–	–	–	–
	2008[1]	317	–	119	–	200	35	671
Frank Annuscheit	2009	480	–	23	–3	–	45	545
	2008	480	–	23	–	40	51	594
Markus Beumer	2009	480	–	19	–	–	110	609
	2008	480	–	18	–	–	365	863
Wolfgang Hartmann	2009[1]	200	–	–	–	–	32	232
	2008	480	–	77	–	100	112	769
Dr. Achim Kassow	2009	480	–	232	–212	–	64	564
	2008	480	–	246	–	100	277	1,103
Jochen Klösges	2009[1]	280	–	–	–	–	18	298
	2008[2]	–	–	–	–	–	–	–
Bernd Knobloch	2009[2]	–	–	–	–	–	1,113	1,113
	2008[1]	360	–	20	–	615	4,137	5,132
Michael Reuther	2009	480	–	–	–	–	75	555
	2008	480	–	78	–	–	71	629
Dr. Stefan Schmittmann	2009	480	–	7	–	–	55	542
	2008[1]	80	–	8	–	–	7	95
Ulrich Sieber	2009[1]	280	–	–	–	–	28	308
	2008[2]	–	–	–	–	–	–	–
Dr. Eric Strutz	2009	480	–	48	–28	–	39	539
	2008	480	–	95	–	100	41	716
Nicholas Teller	2009[2]	–	–	–	–	–	–	–
	2008[1]	200	–	14	–	100	592	906
Total	**2009**	**4,140**	**–**	**329**	**–243**	**–**	**1,651**	**5,877**
	2008	**4,337**	**–**	**741**	**–**	**1,355**	**5,774**	**12,207**

[1] Pro rata temporis from the date of appointment or, as the case may be, up to the date of departure from the Board.
[2] Not members of the Board during the years shown.
[3] Payable in the following year subject to approval of the annual financial statements. Due to the Bank's results no variable remuneration was paid for 2008 and 2009.
[4] Owing to the silent participation of SoFFin, the maximum limit for the remuneration of all members of the Board of Managing Directors active on the reporting date in 2008 and 2009 was €500,000.
[5] No LTP was paid out during the financial year 2009. The LTP for 2005 was paid out in 2008.
[6] The heading Other includes non-monetary benefits granted in the year under review. In the year under review Mr. Knobloch received €1,113,000 and €4,040,000 in 2008 and Mr. Teller €548,000 in 2008, which was promised to them under their severance agreements. Messrs. Beumer and Kassow were reimbursed costs for the installation of security equipment in the previous year and Mr. Beumer was also reimbursed the cost of moving house.
[7] In the financial year 2009 less was charged overall to the income statement than is shown in the total remuneration figure. This shortfall related to remuneration for serving on boards and payouts of share-based remuneration plans.

Loans to members of the Board of Managing Directors

Members of the Board of Managing Directors have been granted cash advances and loans with terms ranging from on demand up to a due date in 2038 and at interest rates ranging between 3.2 % and 8.1 %. Loans are secured on a normal market basis, if necessary through land charges and rights of lien.

As at the reporting date, the aggregate amount of loans granted to members of the Board of Managing Directors was €2,304 thousand compared with €2,350 thousand in the previous year. With the exception of rental guarantees Commerzbank AG did not have any contingent liabilities relating to members of the Board of Managing Directors in the year under review.

Supervisory Board

Principles of the remuneration system and remuneration for 2009

The remuneration of the Supervisory Board is regulated in Art. 15 of the Articles of Association; the current version was approved by a resolution of the Annual General Meeting on May 16, 2007. This grants members of the Supervisory Board basic remuneration for each financial year, in addition to compensation for out-of-pocket expenses, as follows:

1. fixed remuneration of €40,000 per year and
2. a variable bonus of €3,000 per year for each €0.05 of dividend in excess of a dividend of €0.10 per share distributed to shareholders for the financial year just ended.

The Chairman receives triple and the Deputy Chairman double the aforementioned basic remuneration. For membership of a committee of the Supervisory Board which meets at least twice in any calendar year, the committee chairman receives additional remuneration in the amount of the basic remuneration and each committee member in the amount of half the basic remuneration; this additional remuneration is paid for a maximum of three committee appointments. In addition, each member of the Supervisory Board receives an attendance fee of €1,500 for every meeting of the Supervisory Board or one of its committees. The fixed remuneration and attendance fees are payable at the end of each financial year and the variable bonus after the Annual General Meeting that passes a resolution approving the actions of the Supervisory Board for the financial year concerned. The value-added tax payable on the remuneration is reimbursed by the Bank.

As Commerzbank will not pay a dividend for the financial year 2009, a variable bonus is not payable for the financial year 2009. The members of the Supervisory Board therefore received total net remuneration of €1,681 thousand for the financial year 2009 (previous year: €1,677 thousand). The fixed remuneration and remuneration for committee memberships accounted for €1,240 thousand of this figure (previous year: €1,240 thousand) and attendance fees for €441 thousand (previous year: €437 thousand). VAT of €293 thousand (previous year: €285 thousand) payable on the remuneration of the members of the Supervisory Board is reimbursed by Commerzbank Aktiengesellschaft. The total remuneration of the members of the Supervisory Board was therefore €1,974 thousand (previous year: €1,962 thousand).

The remuneration is divided between the individual members of the Supervisory Board as follows:

for 2009 in € 1,000	Fixed remuneration	Variable remuneration	Total	Attendance fee	VAT[1]	Total
Klaus-Peter Müller	200.0	–	200.0	39.0	45.4	284.4
Uwe Tschäge	100.0	–	100.0	28.5	24.4	152.9
Hans-Hermann Altenschmidt	80.0	–	80.0	40.5	22.9	143.4
Dott. Sergio Balbinot	47.5	–	47.5	21.0	–	68.5
Dr.-Ing. Burckhard Bergmann	40.0	–	40.0	16.5	10.7	67.2
Herbert Bludau-Hoffmann	40.0	–	40.0	15.0	10.4	65.4
Dr. Nikolaus von Bomhard (since 16.5.2009)	25.0	–	25.0	3.0	5.3	33.3
Karin van Brummelen	60.0	–	60.0	30.0	17.1	107.1
Astrid Evers	40.0	–	40.0	16.5	10.7	67.2
Uwe Foullong	40.0	–	40.0	13.5	10.2	63.7
Daniel Hampel	40.0	–	40.0	15.0	10.5	65.5
Dr.-Ing. Otto Happel	47.5	–	47.5	24.0	–	71.5
Sonja Kasischke	40.0	–	40.0	10.5	9.6	60.1
Prof. Dr. Hans-Peter Keitel	60.0	-	60.0	27.0	16.5	103.5
Alexandra Krieger	40.0	–	40.0	15.0	10.4	65.4
Friedrich Lürßen (until 16.5.2009)	15.0	–	15.0	9.0	4.6	28.6
Dr. h.c. Edgar Meister (since 16.5.2009)	50.0	–	50.0	13.5	12.1	75.6
Prof. h.c. (CHN) Dr. rer.oec. Ulrich Middelmann	52.5	–	52.5	19.5	13.7	85.7
Klaus Müller-Gebel (until 16.5.2009)	37.5	–	37.5	22.5	11.4	71.4
Dr. Helmut Perlet (since 16.5.2009)	62.5	–	62.5	15.0	14.7	92.2
Barbara Priester	40.0	–	40.0	15.0	10.5	65.5
Dr. Marcus Schenck	60.0	–	60.0	22.5	15.7	98.2
Dr.-Ing. E.h. Heinrich Weiss (until 16.5.2009)	22.5	–	22.5	9.0	6.0	37.5
Total 2009	**1,240.0**	**–**	**1,240.0**	**441.0**	**292.8**	**1,973.8**
Total 2008	**1,240.0**	**–**	**1,240.0**	**436.5**	**285.5**	**1,962.0**

[1] As they are resident outside Germany, VAT is not due for Dr. Happel and Dr. Balbinot, but German income tax and the solidarity surcharge have been deducted at source.

Members of the Supervisory Board once again provided no advisory, intermediary or other personal services in 2009. Accordingly, no additional remuneration was paid.

Loans to members of the Supervisory Board

Members of the Supervisory Board have been granted loans with terms ranging from on demand up to a due date in 2039 and at interest rates ranging between 4.7 % and 6.3 %, and for individual instances of overdrafts up to 10.0 %. In line with market conditions, some loans were granted without collateral, e.g. against land charges or rights of lien.

As at the reporting date, the aggregate amount of loans granted to members of the Supervisory Board was €577,000 compared with €234,000 in the previous year.

Commerzbank AG did not have any contingent liabilities relating to members of the Supervisory Board in the year under review.

Other details

D&O liability insurance

There is a D&O liability insurance policy for members of the Board of Managing Directors and the Supervisory Board. The excess payable by members of the Supervisory Board amounts to one year's fixed remuneration and for members of the Board of Managing Directors 25 % of one year's fixed remuneration. In accordance with the regulation in the VorstAG and the recommendation in the German Corporate Governance Code, the excess for members of both boards was changed to 10 % of the claim up to a maximum of 150 % of the fixed annual remuneration.

Purchase and sale of the Company's shares

Pursuant to Art. 15 a of the German Securities Trading Act, transactions by executives of listed companies and their families must be disclosed and published. Accordingly, purchases and disposals of shares and financial instruments relating to Commerzbank to the value of €5,000 p.a. and upwards must be reported immediately and for the duration of one month. The Bank applies this reporting requirement to the Board of Managing Directors and the Supervisory Board, in line with the recommendations in the Guide for Issuers of the German Federal Financial Supervisory Authority (BaFin).

Members of Commerzbank's Board of Managing Directors and Supervisory Board reported the following directors' dealings in Commerzbank shares or derivatives thereon in 2009[4]:

Date	Disclosing party	Relation	Participant	Purchase / sale	No. of shares	Price in €	Transaction volume in €
09.01.2009	Altenschmidt, Hans-Hermann		Member of Supervisory Board	P	1,000	5,000	5,000.00
12.01.2009	Hampel, Daniel		Member of Supervisory Board	P	1,200	4,665	5,598.00
21.09.2009	Sulmana Vermögensverwaltung GmbH Person initiating the disclosure requirement: Dr. Hans-Peter Keitel		Member of Supervisory Board	S	1,000	8,780	8,780.00
21.09.2009	Sulmana Vermögensverwaltung GmbH Person initiating the disclosure requirement: Dr. Hans-Peter Keitel		Member of Supervisory Board	S	2,000	8,500	17,000.00
30.10.2009	Sulmana Vermögensverwaltung GmbH Person initiating the disclosure requirement: Dr. Hans-Peter Keitel		Member of Supervisory Board	P	2,152	7,010	15,085.52
30.10.2009	Sulmana Vermögensverwaltung GmbH Person initiating the disclosure requirement: Dr. Hans-Peter Keitel		Member of Supervisory Board	P	848	7,015	5,948.72
26.11.2009	Sulmana Vermögensverwaltung GmbH Person initiating the disclosure requirement: Dr. Hans-Peter Keitel		Member of Supervisory Board	P	2,000	6,500	13,000.00

[4] The directors' dealings have been published on Commerzbank's website under "Directors' Dealings".

All told, the Board of Managing Directors and the Supervisory Board did not own more than 1 % of the issued shares and option rights of Commerzbank AG on December 31, 2009.

Information pursuant to Art. 289 of the German Commercial Code

Information pursuant to Art. 289 (4) of the German Commercial Code and explanatory report

Structure of the share capital

Commerzbank has issued only ordinary shares, the rights and duties attached to which arise from statutory provisions, in particular Arts. 12, 53a et seq., 118 et seq. and 186 of the German Stock Corporation Act. The share capital of the company totalled €3,071,517,607.60 at the end of the financial year. It is divided into 1,181,352,926 no-par-value shares. The shares are issued in bearer form.

Appointment and replacement of the members of the Board of Managing Directors and amendments to the Articles of Association

The members of the Board of Managing Directors are appointed and replaced by the Supervisory Board pursuant to Art. 84 of the German Stock Corporation Act and Art. 6 (2) of the Articles of Association. Pursuant to Art. 6 (1) of the Articles of Association, the Board of Managing Directors comprises a minimum of two people; in all other respects the Supervisory Board defines the number of members on the Board of Managing Directors in accordance with Article 6 (2). If there is a vacancy on the Board of Managing Directors for a required member and the Supervisory Board has not appointed a replacement, in urgent cases one will be appointed by a court pursuant to Art. 85 of the German Stock Corporation Act. Each amendment to the Articles of Association requires a resolution of the Annual General Meeting under Art. 179 (1) sentence 1 of the German Stock Corporation Act. Unless the law mandates a majority, a simple majority of the represented share capital is adequate to pass resolutions (Art. 19 (3) p. 2 of the Articles of Association). The authority to amend the Articles of Association, provided such amendments affect merely the wording of an article with no change in substance, has been transferred to the Supervisory Board under Art. 10 (3) of the Articles of Association in compliance with Art. 179 (1) sentence 2 of the German Stock Corporation Act.

Powers of the Board of Managing Directors

The Board of Managing Directors, with the approval of the Supervisory Board, is authorized to increase the share capital by a total of €670,000,000.00 by issuing new shares under Art. 4 (3) of the Articles of Association applicable on December 31, 2009 (authorized capital increase 2009/I) and by €460,000,000.00 under Art. 4 (6) of the same Articles of Association (authorized capital increase 2009/II).

Moreover, the Annual General Meeting on May 15, 2008 has given the Board of Managing Directors the authority to issue convertible bonds or bonds with warrants or profit-sharing certificates (with and without conversion or option rights) while excluding subscription rights. Conditional capital is available for this purpose according to Art. 4 (4 and 5) of the Articles of Association (conditional capital increase 2008/I and conditional capital increase 2008/II). Furthermore, as resolved by the Annual General Meeting of May 2009, the capital was conditionally increased by up to €390,000,000.00 under Article 4 (8) of the Articles of Association (conditional capital increase 2009). The purpose of the conditional capital increase is to enable shares to be allotted upon the exercise of conversion rights by the Financial Market Stabilization Fund.

For details of the authorized capital increase and conditional capital increase, particularly regarding maturities and terms and conditions of exercise, please refer to the explanations in notes 26, 27 and 29.

The authority of the Board of Managing Directors to increase share capital from authorized and conditional capital and to issue convertible bonds or bonds with warrants or profit-sharing certificates allows the Bank to respond appropriately and promptly to changed capital needs.

Material agreements in the event of a change of control following a takeover bid

In the event of a change of control at Commerzbank, an extraordinary right of termination in favour of certain contract parties has been negotiated by Commerzbank under ISDA master agreements. In general, the right of termination is also conditional upon a material deterioration in Commerzbank's credit standing. In the event of this type of termination, the individual agreements signed under these master agreements would have to be settled at fair value as determined on any stock exchange trading day. The possibility cannot however be excluded that, if an individual customer with an especially large volume of business terminates a contract, Commerzbank's net assets, financial position and operating results could nevertheless be heavily impacted due to the Bank's potential payment obligations.

Change of control clauses

In the event of a change of control at Commerzbank, all members of the Board of Managing Directors have the right to terminate their employment contracts. Should they make use of this right of termination or end their Board activities for other reasons in connection with the change of control, most members of the Board of Managing Directors are entitled to a severance payment in the amount of their capitalized average total annual payments for between two and five years. No change of control clause has been agreed for members of the Board of Managing Directors newly appointed to the Board in 2009. With regard to retirement benefits and long-term performance plans members of the Board of Managing Directors are essentially treated as if they had remained on the Board of Managing Directors until the end of their current term of office. There is no entitlement to a severance payment if a member of the Board of Managing Directors receives payments from the majority shareholder, from the controlling company or from other legal entities in the event of integration or merger in connection with the change of control.

In a few exceptional cases, individual managers in Germany and abroad have also received an assurance that their remuneration will continue for a certain transitional period of up to five years effective from the start of their activities for the Bank in the event that they leave the bank in connection with a change of control at Commerzbank.

Equity holdings that exceed 10 % of the voting rights

The Financial Market Stabilization Fund holds a stake of 25 % plus one share in the voting capital of Commerzbank; the Allianz Group holds a stake of more than 10 % and less than 15 % in the voting capital of Commerzbank as disclosed under the Securities Trading Act (WpHG).

There are no further facts that need to be declared under Art. 289 (4) of the German Commercial Code.

Information pursuant to Art. 289 (5) of the German Commercial Code

The aim of the internal control and risk management system is to ensure compliance with the regulatory and legal provisions applicable to the company with regard to Commerzbank's accounting process, and also to ensure that the preparation of accounts and the annual and quarterly financial statements to be published are reliable and comply with generally accepted accounting principles. The risks in connection with the accounting process are those of incorrect information in financial reporting. The processes involved in the preparation of accounts are therefore subject to the appropriate controls. The assessment of risk is carried out on the basis of predefined criteria.

Organization

Commerzbank's internal control system takes into account the principles for the institute-specific organization of the internal control system set out in the Minimum Requirements for Risk Management (MaRisk). In organizing its internal control system, the bank refers to the internationally recognized control model of COSO (the Committee of Sponsoring Organizations of the Treadway Commission).

The internal control and risk management system with regard to the accounting process is the responsibility of the Board of Managing Directors and of management. Management is responsible both for the internal system for the management and steering of company activities and for the internal control system including the control units, the objectives being the process-oriented monitoring of compliance with company regulations, of organizational and technical measures and of controls, and the assessment of their effectiveness.

Group Finance is responsible for preparing accounts that comply with legislation and with internal and external guidelines. In addition, Group Compliance and Group Audit (internal auditors) report directly to the Chief Financial Officer. Bringing these areas together into one department allows Commerzbank's accounting activities to be managed and controlled efficiently.

The Supervisory Board oversees the accounting process, primarily through the Audit Committee set up for this purpose. The Audit Committee is above all responsible for accounting matters, for requesting the statement of independence from the external auditors, for commissioning the external auditors to conduct the audit, for establishing the main points of the audit, and for agreeing the external auditors' fees. Group Audit provides summary reports, in accordance with regulatory requirements and including interim reports during the course of the year, on internal auditing activities and the results of these activities. The Rules of Procedure of the Supervisory Board state that the Chairman of the Audit Committee should have special knowledge and experience of the application of accounting principles and internal control procedures.

Group Audit provides auditing and advisory services for the Board of Managing Directors independently, objectively and in a risk-oriented manner. These services are aimed at optimizing Commerzbank's business processes in terms of their compliance, security and cost-effectiveness. Group Audit supports the Board of Managing Directors by evaluating the effectiveness and appropriateness of the internal control system and of risk management, provides support on key projects in an internal auditing capacity and issues recommendations. In doing so, it plays a part in securing business processes and assets. Group Audit's activities complement the work of the subsidiaries' audit departments within the framework of risk management.

Group Audit is immediately subordinate to, and has a reporting requirement towards, the Board of Managing Directors. It performs its functions autonomously and independently. With regard to reporting and the assessment of audit results, it is not subject to any directives. Based on MaRisk, Group Audit's auditing activities, underpinned by the principle of risk-oriented auditing, extend to all of the Group's activities and processes, regardless of whether these take place within the Group or are outsourced. The task of auditing the effectiveness and appropriateness of risk management comprises risk management and controlling systems, reporting, information systems and the accounting process. In performing its duties, Group Audit has an unrestricted right to information.

Group Audit promptly prepares a written report on each audit; the responsible members of the Board of Managing Directors are among the recipients of the report. On the basis of these audit reports, Group Audit oversees and documents the steps taken to remedy, within the specified time, the deficiencies identified. If such deficiencies are ignored, an escalation process comes into effect. In addition, Group Audit prepares an annual report on the audits that it has carried out during the course of the financial year, the material deficiencies identified and the measures taken, and presents this report to the Board of Managing Directors.

The hierarchical structure of Group Accounting at Commerzbank is geared towards the process of preparing annual financial statements. In the initial stage, the accounting transactions in the source documents are systematically recorded and further processed for Commerzbank AG and its reporting units in Germany and abroad. The reports of the individual subsidiaries are passed up to Group level via a standardized reporting system. The information prepared in this way is consolidated across the whole of the Group, taking into account different requirements, so that final figures are then available for the Commerzbank AG parent bank financial statements and consolidated financial statements.

Components of the accounting-related internal control system

Various hierarchical measures are in place at Commerzbank that play a part in monitoring activities within the framework of the internal control system.

One prerequisite for a properly functioning monitoring system is for Commerzbank to have rules of procedure set out in writing. The allocation of responsibilities among the business areas is defined in the constitution of Commerzbank and in the Bank's organizational guidelines. The constitution defines the areas of responsibility and parameters of action particularly of the Group's management and committees. The underlying principles of the contribution are closely connected with the "ComWerte" applicable group-wide.

Commerzbank's accounting is organized according to the "separation of functions" principle. The separation of functions means that front-office functions are kept separate from mid and back-office functions. For instance, in an independent price verification process carried out by Commerzbank, the prices at which traded securities are entered in the accounting process (valuation) are set by an independent unit. The positions must be reported at regular intervals to the responsible central unit, which ensures that valuation is consistent across the Group and which reports back with any findings. The process comprises a completeness check and a documentation obligation.

Clear rules are in place at Commerzbank for assigning technical competencies and responsibilities. This includes the use of clearly defined job descriptions that firmly establish the allocation of responsibilities between business areas, functional areas and individual offices in accordance with the business allocation plan. Competencies for individual transactions are governed by authorization powers which also relate to hierarchies. Decisions are taken only by those granted authorization to do so in each case.

Alongside hierarchical measures, procedural measures also contribute to an effective internal control system. These include process-integrated controls and control measures. Controls are the individual actions, methods and measures that are defined within the framework of process design in order to identify process errors. They are carried out upstream from, concurrently with, or downstream from processes. The scope of controls ranges from representative spot checks to an examination of all occurrences of a particular event.

Process-integrated controls are integrated directly into operating processes as technical (programmed IT controls and manual controls) or organizational controls and usually represent the most effective and economical controls. Programmed IT controls are used in the IT systems employed and consist for example of check sums, verification codes or plausibility checks. Programmed IT controls are reinforced by manual controls such as screen sharing. When data are first entered into an IT system, it has to be ensured that only data that have been checked or approved for further processing are used. In the further processing of data sets, check sums are created and passed on to subsequent processing systems in order to verify completeness.

Among the organizational control measures is the dual control principle. According to the dual control principle, every action, such as entering large payment amounts, is double-checked by a second employee. If the checking process reveals an error, the transaction must be corrected and once again double-checked.

The control is carried out on a neutral basis, i.e. not by an employee who themself generated or was responsible for the subject of the control, and is transparently documented by the person carrying out the control.

Clear responsibilities have been defined at Commerzbank for process documentation, controlling, management of risks and controls.

The task of documenting processes and their integrated control measures is assigned to a specific area. Using an IT tool within the framework of business process management, this area prescribes standards for the description and representation of processes and controls. The documentation of processes, controls and risks is the sole responsibility of the respective units.

Group-wide controlling of process risks is carried out for the respective risk types by the responsible units. Group-wide directives for the assessment and elimination of operating risks follow the Advanced Measurement Approach under Basel II.

The business areas and Group units are responsible for the management or risks and identification of weaknesses. On the basis of structured analyses, the units take decisions on how to deal with the risks identified.

Commerzbank's accounting processes rely strongly on IT systems. Therefore the IT systems also have to meet the requirements of the internal control and risk management system with regard to the accounting process. The IT area identifies and defines the relevant processes and control objectives within its remit and defines appropriate metrics for regularly checking and monitoring compliance with these processes and objectives.

Various software systems are used in the preparation of financial statements at Commerzbank. In addition to standard software, Accounting also uses customized programs specially adapted to the Bank's specific requirements. All the systems used within the Finance function are protected by rules relating to access rights. The administration of access rights for the key systems used in accounting is carried out by a neutral party, while the entry and approval of access rights is subject to the dual-control principle.

In addition to the monitoring, management and control activities, information and communication are also integral to Commerzbank's internal control system. The independent controls carried out by managers are based on their specialist knowledge and on their management and monitoring responsibilities. Therefore, all hierarchical levels of Accounting at Commerzbank regularly receive performance reports (e.g. controlling and auditing reports) according to their level and critically review these.

For the purposes of informing and training employees, clear and binding accounting guidelines are in place at Commerzbank that ensure consistent and correct accounting across the Group. They are under review for any necessary updates and amended where required. Employees are also offered regular training in this regard. In addition, work instructions regarding intranet applications are available to employees.

An important component of the control system with regard to the accounting process is the Accounts ICS, for which a dedicated organizational unit has been set up. The objective is to ensure that the bank's accounts comply with accounting rules. To ensure that this is the case, both process-oriented and operational measures have been implemented.

The process-oriented measures include compliance with the bank's organisational guidelines with regard to accounting entries made and process-integrated controls with the objective of ensuring correct documentation of the accounting entries. In this regard, rules regarding access rights for systems relevant to accounting entries are also implemented. In addition, Accounts ICS is involved as a rule in the development of new products to ensure that these products appear correctly in the bank's accounts. Accounts ICS also assesses new IT systems to ensure that booking procedures and the issue of access rights are correct.

The general purpose of the operational measures is the active monitoring of business operations. Specifically, the measures serve to identify and prevent cases of internal fraud via accounts. In this process, automated checks are carried out on individual accounting entries. In addition, compliance with the principles of proper accounting is checked regularly using the relevant controls. Structure controls, whereby the quality of account-related master data is checked, are another element of the operating measures in place. The combination and ongoing further development of these measures ensures correct financial reporting.

The internal control system within risk management consists primarily of risk assessment and risk steering measures. Risks are assessed on the basis of processes and of the controls implemented. This ensures the complete transparency of key processes and the definition of tasks and responsibilities, for instance within the scope of process documentation. Risk steering seeks to exercise an active influence on risks identified in the risk identification, measurement and assessment process by means of the appropriate controls and measures.

The monitoring of the internal control system by management and by internal and external auditors also entails an assessment of the internal control system. This is specifically to assess the quality of the set-up, implementation and effectiveness of the management and control system. It involves both a quality self-assessment and a scenario-based risk assessment.

Following the integration, the internal control and risk management system with regard to the accounting process has been adjusted and further developed to meet the requirements of the new Group as a whole.

Information pursuant to Art. 289a of the German Commercial Code

Information pursuant to Art. 289a of the German Commercial Code, "Declaration on corporate governance", is publicly accessible on the website of Commerzbank AG (www.commerzbank.de).

Report on post-balance sheet date events

In mid-January, Commerzbank and Bank Audia sal-Audi Sarader Group announced that they had signed an agreement for the sale of Dresdner Bank Monaco S.A.M. The parties agreed to maintain confidentiality about the details of the transaction, which is subject to the necessary approvals from the authorities. Dresdner Bank Monaco S.A.M., a subsidiary of Dresdner Bank Luxembourg S.A., was founded in 2006 and is active in the affluent private customer business, focusing on Monaco, southern France and northern Italy. At the end of 2008, it had assets under control of €233m and employed 18 staff.

At the beginning of February, both the sale of the remaining shares in Austrian Privatinvest Bank AG held by Commerzbank to Zürcher Kantonalbank and the sale of the Dutch asset manager Dresdner VPV to the management were completed. The supervisory authorities approved both transactions. As at the end of June 2009, Privatinvest Bank AG employed about 50 staff and had assets under management of approximately €600m. As at the end of 2008, Dresdner VPV employed about 60 staff and had €1.2bn in assets under management.

On March 1, Poland's BRE Bank announced a capital increase with an expected inflow of funds of 2bn Polish zloty (approx. €500m). Commerzbank will exercise its subscription rights in full in the planned capital increase of BRE Bank, in which Commerzbank holds around 69.8 % of the shares. The resolution on the capital increase will be on the agenda of the Annual General Meeting of BRE Bank, which will take place in Warsaw on March 30, 2010.

At the beginning of March, Commerzbank acquired a further 26.25 % holding in Ukraine's Bank Forum and in doing so increased its stake to 89.3 %. The shares derive from an indirect holding of a former minority shareholder who is no longer a shareholder following the sale of its units. The parties have agreed to maintain confidentiality about the purchase price and other details. At an extraordinary shareholders' meeting on March 4, the shareholders of Bank Forum approved a capital increase of 2.42bn Ukrainian hryvnia (approx. €240m). Commerzbank plans to participate in the capital increase in proportion to its holding.

After Commerzbank AG's announcement in November last year that no capital payments will be made in 2010 on profit-related instruments such as profit-sharing certificates and silent participations due to the poor results for 2009, it was also announced at the beginning of March that no payments will be made on certain payment dates for Trust Preferred Structures where servicing is dependent on the distributable profit of Commerzbank AG.

Investors in Commerzbank Capital Funding Trust III can expect possible payments on the last two quarterly payment dates due to the quarterly payment schedule. The extent to which the corresponding requirements have been met can therefore not finally be determined at present but has to be assessed at the time of these payment dates.

There were no other significant business events.

Outlook and opportunities report

The global economy will return to robust growth in 2010. The greatest impetus will probably come from the emerging markets in Asia, while the Central and Eastern European countries are likely to recovery from the previous year's slump. However, in the industrialized countries, the effects of the debt bubble bursting are likely to linger for some time, so after a good second half of 2009, growth momentum is likely to flag. In many countries, the recent excesses in the real estate sector and in corporate and private debt levels have still not been fully corrected. These factors, combined with continuing problems in the financial sector, will take centre stage once again once the revival in demand, which came after the "Lehman shock" had receded, peters out.

In Germany, there has been no construction boom in recent years, and corporate and private debt have actually tended to fall in relation to gross domestic product. Even so, the German economy is being damaged by the lingering effects of the crisis, particularly since the financial system is still struggling with the consequences. The problems in other countries will also weigh on Germany's economy via weaker exports. Although growth of over 2 % seems possible in Germany this year, this is largely down to the positive trend in the second half of 2009. Even then, real gross domestic product at the end of the year will still be around 3 ½ % lower than at the start of the recession in early 2008. Consequently, unemployment is set to rise sharply during the course of the year, and no significant inflationary pressure can be expected in the foreseeable future.

In the financial markets, the big question in 2010 will be: when will the major central banks in industrialized countries begin raising interest rates again? As economic growth in the coming quarters is likely to be modest, and the threat from inflation is therefore low for the time being, this is not likely to happen until the second half of the year. Therefore, until then, there will be a chance of further equity price gains, while the environment of structurally low yields on long-dated government bonds with top credit ratings is likely to remain intact in the coming months. Once there are signs of a turnaround in monetary policy, the equity markets are likely to suffer, but bond yields are likely to rise only slightly. In the currency markets, such signals could herald a revival in the US dollar, as the US Federal Reserve is likely to hike interest rates more strongly than, say, the ECB.

Real GDP
percentage change on year

	2009	2010	2011
USA	–2.5	2.5	3.0
Eurozone	–3.9	1.5	1.7
Germany	–5.0	2.3	1.5
Central and Eastern Europe	–4.5	2.3	4.2
Poland	1.5	3.0	4.8

Exchange rates
year-end levels respectively

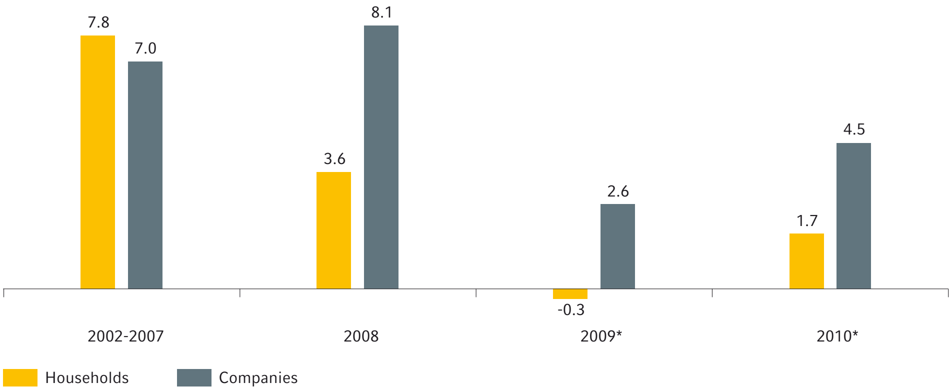
	2009	2010	2011
Euro / Dollar	1.44	1.40	1.20
Euro / Pfund	0.89	0.88	0.86
Euro / Zloty	4.10	3.90	3.70

The figures for 2010 and 2011 are all Commerzbank forecasts.

The macroeconomic sector environment should improve in the wake of an expected economic recovery, and Commerzbank forecasts an improvement in gross domestic product for 2010 and 2011 following the severe downturn in 2009. The improvement in the macroeconomic environment should have a positive impact on all sectors and lead for example to higher demand for credit, a drop in credit defaults and higher commission income.

The IMF expects credit demand from non-banks in the eurozone to increase in 2010.

Demand for credit
annual growth in %



* 2009 and IMF forecasts for 2010
Source: IMF, Global Financial Stability Report, October 2009

For European banks, this should result in additional volumes providing a modest boost to net interest income, and Commerzbank is likely to benefit, too.

Lending business margins increased in 2009 but may contract again in 2010 as a result of a fall in the market's implied risk expectations. The squeeze on margins in banks' deposit-taking business is likely to continue, as banks are looking to increase their funding from customer deposits.

Forecasts regarding charges to banks' earnings are difficult to make. The IMF expects that, from the third quarter of 2009, banks in the eurozone will have to make further write-downs of US $470bn up to the end of 2010. The Bundesbank estimates that German banks' losses on securitization instruments have already peaked, but anticipates further impairment losses of around €10bn to €15bn, due almost exclusively to CDOs. According to the Bundesbank, the wave of loan book writedowns is unlikely to have peaked yet. It estimates that German banks alone will need to recognize further impairment charges of €50bn to €75bn.

The median return on equity for large eurozone banks hit a low at 5.8 % in 2008, according to the ECB. Profitability should rise again in 2009. For 2010, brokerage houses and other experts are expecting average returns on equity of around 10 % to 15 % for European banks, which would be below pre-crisis levels.

At the end of January 2010, US president Obama made a range of proposals aimed at tighter regulation of various investment banking activities. In particular, under the proposals, deposit-taking US banks would not be allowed to carry out proprietary trading operations or to own, invest in or sponsor hedge funds or private equity funds. A tougher regulatory environment for banks in the US – and possibly, as a consequence, in Europe – can generally be expected, even though the exact extent of restrictions cannot be predicted currently. This could have an adverse impact on investment banking worldwide – and on Commerzbank's business.

European banks are likely to need significant additional capital in 2010 because of the increased requirements of the market and regulators. Extra capital will also be needed to compensate for losses in the value of assets and the setting aside of loan loss provisions. If eurozone banks are to achieve a core capital ratio of 10 %, the IMF predicts that they will need additional capital totalling US $380bn.

The competitive environment in the sector is set to remain largely unchanged compared with the previous years. In some segments, market participants have either exited the market or adopted a defensive business policy, leading to less intense competition, while increasing consolidation within the sector has left some banks with greater market share. Other segments, such as retail banking, are suffering as a result of increased competition worldwide, notably due to the aggressive behaviour of market participants.

As the Bank is managed via its segments, the information in the following sections of the outlook and opportunities report is geared towards the performance of the Commerzbank Group as a whole.

We do not expect any significant change in net interest income for financial year 2010 compared with 2009. The task in 2010 will be to stabilize interest margins following the improvement in 2009. Provisions for possible loan losses are expected to be reduced in 2010 to around the level of the combined 2008 figures for Commerzbank and Dresdner Bank plus an unwinding effect. In the Asset Based Finance segment and Eastern Europe in particular, however, we expect the risk provisioning requirement to remain very high. In the Mittelstandsbank segment, we anticipate that rising loan loss provisions in Germany – due to corporate insolvencies lagging the recession – will be outweighed by a fall in loan loss provisions abroad in the Financial Institutions area. Net commission income is expected to rise in 2010, owing in particular to the improvement in the market environment. Particularly in light of the high volatility in the financial markets and the resulting impact on the valuation of financial instruments, it is difficult to make a forecast for trading profit. However, we expect a significant improvement in trading profit in the Corporates & Markets and Portfolio Restructuring Unit segments in particular, which should in turn mean improved trading profit at Group level in 2010. Operating expenses will be driven by two conflicting factors in 2010. Strict ongoing cost management and the realization of synergies will push expenses down, but continuing implementation expenses for the integration of Dresdner Bank will have the opposite effect. On balance, however, operating expenses are expected to fall slightly. The Commerzbank Group's operating result is likely to be significantly improved year-on-year in 2010 for the reasons mentioned above, but overall we are expecting another difficult year, with the integration continuing to have an impact. Consequently, our planning indicates that, at the present time, we cannot promise an operating profit for the Commerzbank Group in 2010, although we will be back in profit by 2011 at the latest. The same is true for Commerzbank AG.

Further costs for the integration of Dresdner Bank in the form of restructuring expenses are not expected to be incurred in 2010.

Since taking over Dresdner Bank, we have focused on core business in the Private Customers segment. Over the coming years, we will pursue three main objectives: successful implementation of the Dresdner Bank integration, long-term improvement in operating profit and systematic improvement of our quality processes. We will reach various key milestones in the integration of Dresdner Bank in 2010. Once the branches are switched over to the joint brand from June 2010, we will for the first time have a visible presence with customers as the new Commerzbank. The integration of the two institutions lays the foundations for our growth in the years ahead and is a key engine of earnings. We will start to unlock some synergies from integration as early as 2010 and will keep costs largely stable despite the change of brand. However, the effects of the economic crisis will linger this year. We expect increased loan loss provisions as personal bankruptcies rise after a lag and unemployment increases. In the medium term – thanks to economic recovery – we anticipate that the capital markets will stabilize and interest rates will rise. We stand to benefit most from these trends in our investment activities. The financial market crisis showed us that what customers need from their bank has changed. We will therefore bring in a market-leading quality management system across the whole of our systems and business process and improve our products and services in dialogue with our customers.

In the Mittelstandsbank segment, the merger between Commerzbank and Dresdner Bank has made us into an even stronger partner for our customers. The market environment is set to remain challenging in 2010. In order to fortify our already-strong position, we are tailoring our customer-oriented service approach even more carefully to the specific needs of customers in our core customer segments. By reinforcing our position as their main port of call for banking services, we aim to increase the contribution to earnings made by our larger SME and major corporate customers. In order to help achieve this, we also intend to ensure that our major corporate customers requiring capital market products benefit from closer cooperation with our investment banking arm. We aim to gain further market share among smaller corporates by winning new customers. Close cooperation with our foreign subsidiaries will enable us to help our customers expand their international business and support the activities of our foreign customers in Germany. By strengthening our position as our customers' main bank, we are striving to achieve steady earnings growth in 2010. On the risk side, we expect the overall situation to improve slightly in the current year, starting from the position of a high level of loan loss provisions. In our view, the situation should normalize in the medium term, which will have a significant positive effect on earnings. We plan to reduce our operating costs steadily through the systematic unlocking of cost synergies. We aim to boost our profitability significantly by means of targeted sales measures and the consistent realization of synergies, and we shall continue to make a major contribution to the Commerzbank Group's performance.

In the Central & Eastern Europe segment, we focused in 2009 on the early implementation of restructuring initiatives and measures to boost efficiency. The emphasis was on reducing risks and costs, optimizing funding and liquidity, and stabilizing existing sources of earnings while unlocking new ones. We expect the various countries to perform very heterogeneously again in 2010. For Poland, which posted positive growth in 2009, market watchers see a recovering economy and banking market, as for other countries in Central Europe. However, the market environment is expected to remain tough in Russia and in particular Ukraine. We will therefore continue the measures launched in 2009 in targeted fashion in 2010. We will also drive forward the integration of the former Dresdner Bank units in Central and Eastern Europe. There will also be also a particular focus on continuous improvement in cooperation with the Mittelstandsbank and Corporates & Markets segments of Commerzbank.

The particular areas of emphasis in the Corporates & Markets segment include the rapid integration of Dresdner Bank's investment banking business, with the merger of the two operations well advanced by the end of 2009. This process will be completed in 2010. The segment will also use the opportunity in 2010 to reinforce its position as a strong investment banking partner for its customers, as well as to stabilize revenues and further reduce costs. The de-risking process in leveraged finance will probably continue to restrict earnings in 2010, however, in light of the illiquid markets and contractual terms. The current state of the markets suggests that loan loss provisions will be stepped up this year. We will continue to focus on customer business and will avoid proprietary trading. Together, we stand to benefit from trends on the financial markets. Thanks to our expanded customer and product platform, we will continue to stand out in the market in future.

In the Asset Based Finance segment, we responded to the financial crisis by stepping up our risk and portfolio management activities further and reviewing and realigning the business models of the operating units. To optimize asset-based lending business, our strategy is aimed at a significant reduction in the balance sheet, a decrease in risk positions (de-risking) and an increase in profitability. The expectation in Commercial Real Estate is that the economy will recover only slowly overall, which would have a negative impact on the global real estate markets in the short term, particularly as this tends to lag the economic cycle. With its realignment and policy of focusing on core activities that add value, Eurohypo is repositioning itself. Within ship financing, Commerzbank will continue to place the focus this year on rigorous risk management, further optimize the business model and make further preparations for the integration of ship financing activities within Deutsche Schiffsbank AG, planned for 2011.

The Portfolio Restructuring Unit was set up in mid-2009 to respond to the intensifying financial market crisis and its repercussions. We expect the securitization markets to remain highly dependent on macroeconomic and specific factors, such as liquidity in the various markets. There has been a tangible improvement in credit trading since the second quarter of 2009. We expect only a gradual improvement in 2010, assuming a constant rate of growth and provided general economic conditions stay positive. Any marked deterioration in the market environment will have a corresponding impact.

Managing opportunities at Commerzbank

Commerzbank views systematically identifying and taking advantage of opportunities as a core management responsibility. This applies both to day-to-day competition at an operational level and to identifying the potential for growth or improving efficiency at a strategic level. This way of thinking has led to a three-tier system of managing opportunities at Commerzbank.

1. Central strategic management of opportunities:
   strategic alternative courses of action for the Group as a whole (e.g. developing the portfolio of activities for specific markets and areas of business) are identified by the Board of Managing Directors and within Group Development & Strategy

2. Central strategic and operational management of opportunities for the various Group divisions:
   strategic and operational initiatives to improve growth and efficiency in the various divisions (e.g. developing portfolios of products and customers) are defined by the respective heads

3. Local operational management opportunities:
   operational opportunities based on customers and transactions (e.g. taking advantage of regional market opportunities and potential for customers) are identified by all employees

Regardless of the level at which opportunities for the Group are identified, they will be turned into steps that need to be taken and assessed as part of the annual planning process. The aim here is to further develop the Group's portfolio of businesses with a balanced risk/reward profile.

The realization of the opportunities identified and the related strategic and operational measures that need to be taken are the responsibility of the person managing the division concerned. Checking the success of such measures is partly carried out with internal controlling and risk controlling instruments and individual agreements on objectives, and partly relies on external assessments (e.g. ratings, results of market research, benchmarking, customer surveys).

Management of opportunities to create innovative solutions for customers is in addition being tied more and more into Commerzbank's corporate culture by means of its internal system of values.

Commerzbank has also established an early detection system within Group Communications. This is where potentially interesting issues that could bring risks as well as opportunities for Commerzbank are identified at an early stage, systematically followed up and passed onto those responsible within the Group.

We have presented the specific opportunities that Commerzbank has identified in the sections on the various segments.

Risk Report

Risk reporting takes place according to the internal risk management of Commerzbank at the Group and segment level. The basis for this is formed by the financial figures according to IFRS as well as the key risk figures according to the regulatory requirements. The financial data and key risk figures of the Private Customers, Mittelstandsbank and Corporates & Markets segments relate mainly to Commerzbank AG. The figures of the segment Central & Eastern Europe relate mainly to BRE Bank SA in Warsaw, while the figures of the segment Asset Based Finance relate almost exclusively to Eurohypo AG and Deutsche Schiffsbank AG.

Risk management organization

Risk management is an essential component of all Commerzbank business processes and is designed to support corporate management. Risks are identified, measured and then managed and monitored in line with the Bank's risk appetite.

Commerzbank defines risk as the danger of possible losses or profits foregone due to internal or external factors. In risk management we normally distinguish between quantifiable risks – those to which a value can normally be attached in financial statements or in regulatory capital requirements – and non-quantifiable risks such as reputational and compliance risks.

1. Integration of Dresdner Bank

The main topic of 2009 for Commerzbank was the integration of Dresdner Bank which constituted a major challenge for the performance of the new integrated risk management function. Our top priority was to ensure that all the risks of the total portfolio created by the integration could be identified, monitored and managed in full at all times by means of adequate processes.

We also went a long way towards strengthening our ICAAP process for the new Commerzbank in 2009 with the merger of risk strategy and monitoring and in our committee structures and individual transaction management. We combined all data and information relevant to risk management, still at the aggregated level in some parts, into our central risk data repository at the beginning of 2009 in order to obtain a complete picture of the new Commerzbank's overall risk profile well before the final data migration, which is being closely monitored by the risk function. It should be borne in mind that when the analysis of key risk figures on the following pages was performed, the harmonization of the different methods and models in the integration process was already at an advanced stage but had not yet been completed. The business segments were also redefined in the third quarter as part of the Bank's reorganization, rendering an historical comparison in some cases impossible or not meaningful.

The Risk Report is also part of the Management Report. Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures. Values per year-end 2008 marked with "*" are unaudited pro forma figures.

Another important step in terms of risk function was the division of the new Commerzbank into three pillars, namely Focus (core bank), Optimization (asset based finance) and Downsize (PRU), each with their own guidelines on risk strategy. The aim is to increasingly focus our activities on the core bank and free up resources for our target markets.

In terms of default risk, we paid particular attention to managing our bulk and concentration risks after consolidating the portfolios of Commerzbank and Dresdner Bank. Directly after creating the new Commerzbank, we therefore established a comprehensive and integrated management framework at the beginning of 2009 with clearly defined warning thresholds, upper limits and approval authority regulations for bulk risks, all of which were firmly embedded in management, monitoring and decision-making processes throughout the year. Due to their importance for the new Commerzbank's risk profile, decisions on concentration risk are taken solely by the full Board of Managing Directors or the Group Credit Committee. Another important milestone in the integration process was the merger and linking of the new Commerzbank's credit approval authorities, lending policy and credit risk strategy. Here we revised our credit authority regulations in February 2009 so that we could clearly define the direction of credit policy through standardized policies and clear escalation guidelines. Building on the integration of the rating systems for borrowers of Commerzbank and Dresdner Bank, which was largely completed at the beginning of 2010, improvements in the credit risk area will focus in particular on enhancing our internal credit risk model and the related stress test architecture.

In terms of market risk too, our integration work focused on the timely merger of our risk monitoring functions on a common platform, which we were able to implement as early as the second quarter of 2009. The integrated monitoring and management system of market risk is now a smooth-running process with daily and weekly reports to management all the way up to the Board of Managing Directors.

Stress tests at both portfolio and overall bank level were improved and implemented. We adjusted our value at risk (VaR) and stress test limits upon integration of the new portfolio structure; as before, compliance with limits at all levels of the Group structure within the new Commerzbank is of course ensured by daily monitoring.

By the end of the first quarter of 2009, we obtained a view of the liquidity situation of the entire new Group through the integration of Dresdner Bank's business volumes into Commerzbank's liquidity risk model. Our internal liquidity risk model, which was improved during the integration project, has proved to be a risk-sensitive and reliable tool in crisis situations. We will apply for certification of our model by BaFin after the conclusion of the integration project.

In terms of operational risk, we combined the two banks' loss databases and adjusted the model parameters accordingly to ensure the operational risk analysis capabilities of the new Commerzbank. The use of the integrated model that is applied internally on a parallel basis to determine regulatory risk weighted assets is currently being discussed with the supervisory authorities.

The new Minimum Requirements for Risk Management (MaRisk), which were published in August 2009, have further tightened the qualitative requirements for banks in terms of the structure and management of each institution's internal risk management processes. During the integration process, packages of measures were established for implementing the new provisions within the Group. The resultant internal requirements had already been implemented as far as possible by December 31, 2009.

2. New structure of the risk function

Responsibility for implementing the risk policy guidelines laid down by the Board of Managing Directors for quantifiable risks throughout the Group lies with the Chief Risk Officer (CRO). The CRO regularly reports to the Board of Managing Directors and the Risk Committee of the Supervisory Board on the overall risk situation within the Group.

Taking account of experiences from the financial market crisis, we systematically adjusted the structure of Commerzbank's Group-wide risk management as at October 1, 2009. Risk management activities were centred on four groups, namely Credit Risk Management, Market Risk Management, Intensive Care and Risk Controlling and Capital Management. They all have a Group-wide focus and report directly to the CRO. Together with the four heads of divisions, the CRO forms the Risk Management Board within Group Management.

The aim of this reorganization was to eliminate frictional losses between business areas by creating a functional structure, and to further reduce complexity and pool tasks across segments in a risk-congruent manner. Another objective of the new organizational structure was to create the conditions for the comprehensive and rigorous implementation of cross-segment credit risk and market risk strategies and policies within the new Commerzbank, while harmonizing the process landscape.

3. Committees

The Board of Managing Directors delegated operational processes of risk management to committees. Under the relevant rules of procedure, these are the Group Credit Committee, Group Market Risk Committee and the Group OpRisk Committee. We also plan to set up the Group Strategic Risk Committee in 2010. The CRO presides over all the committees and has the right of veto.

Furthermore, the Asset Liability Committee is the key starting point of our ICAAP process as it has responsibilities for the Group-wide management of the portfolio composition, capital allocation and RWA development.

Risk management

Major prerequisites for limiting and managing risk are the identification of all significant risks and risk drivers, the independent measurement and assessment of these risks in an evolving macroeconomic environment with portfolio-specific and regulatory conditions, and the risk / return-oriented management of risks based on these assessments as part of a forward-looking risk strategy.

1. Risk-taking capability and stress testing

The aggregated overall risk profile of our portfolio is the focal point of our risk management. We monitor risk-taking capability by comparing the capital requirement arising from the risk profile against risk cover, i.e. the amount of capital available to cushion any risks that materialize. To do this, we use both a regulatory and economic capital model to analyse the Group's capital requirement. Like the regulatory capital model, the economic capital model aims to quantify extreme, unexpected losses with a view to determining an adequate capital position. With our confidence requirement of 99.95 %, we exceed the regulatory provisions in our economic capital model and moreover take account of portfolio-specific interactions. Our definition of available risk cover in 2009 is based on the regulatory perspective for comparative reasons and uses the legally defined core capital. We constantly check the appropriateness of all assumptions and definitions.

Risk-taking capability in the Commerzbank Group

in € bn	Dec 2009	Mar 2009	Dec 2008
Capital for risk coverage	**30**	**21**	**23**
Regulatory RWA	**280**	**316**	**222**
thereof credit risk	246	286	207
thereof market risk	14	13	5
thereof operational risk	20	17	9
Economic RWA excl. diversification	**283**	**302**	**132**
thereof credit risk	173	188	63
thereof market risk	63	74	46
thereof operational risk	31	26	15
thereof business risk	16	13	7
Diversification between risk types	**43**	**42**	**32**
Economic RWA incl. diversification	**240**	**260**	**100**
Economic RWA (stress scenario)	**358**	**358**	**203**
thereof credit risk	206	219	90
thereof market risk	79	78	69
thereof operational risk	53	45	34
thereof business risk	20	16	10
Tier 1 capital ratio	**10.5 %**	**6.8 %**	**10.1 %**
Economic capital ratio incl. diversification	**12.3 %**	**8.2 %**	**22.6 %**
Economic capital ratio excl. diversification	**10.4 %**	**7.1 %**	**17.1 %**
Economic capital ratio (stress scenario)	**8.2 %**	**6.0 %**	**11.1 %**

2008 figures: Commerzbank (old) based on current methodology.

Commerzbank uses comprehensive stress tests as early warning indicators and for estimating sensitivities. These tests assume a deterioration in all relevant risk parameters. We additionally analyse the hypothetical scenario where all the potential losses of each risk type occur simultaneously i.e. full correlation between risk types.

In the current financial year too, we will continue expanding our methodology for simulating macroeconomic stress scenarios and their impact on the capital requirement, the income side and risk cover when we conduct our analysis across all risk categories.

There were two main reasons for the significant increase in economic capital employed in 2009. Firstly, Commerzbank's new credit portfolio model introduced in January 2009 created a much higher credit VaR and hence economic RWAs in the Group. Economic RWAs were additionally increased by roughly one half through the integration of Dresdner Bank.

Secondly, the improved core capital ratios at year-end compared to March were attributable to additional capital measures (including the second SoFFin tranche) and the planned declining level of capital employed.

2. Risk strategy and risk appetite

Risk planning is an integral part of our ongoing medium-term business planning process so that the overall risk strategy is derived directly from our business strategy. The overall risk strategy is detailed further in the form of sub-risk strategies for individual risk types which are then specified and operationalized through related policies, regulations and work instructions / guidelines.

In close alignment with the planning process, the Board of Managing Directors decides the extent to which the Bank's risk-taking capability can be utilized. Risk / return considerations are also incorporated in addition to earnings aspects. This consciously defined amount as part of the available capital for risk coverage determines the Board of Managing Director's risk appetite at Group level. The amount is then broken down to sub-portfolios and limited for the individual risk types.

3. Operational process of risk management

In our reorganized risk management structure, sub-portfolios with comparable risks are combined under one management line, which enables management measures for the relevant sub-portfolios to be put in place directly and immediately across all segments.

Management instruments and levels

	Limit systems	Risk strategies and policies	Structures of organisation and committees / qualitative improvement	Portfolio monitoring and reporting
Group	• Definition of Group limit, e.g. capital limit (across all risk types), expected and unexpected loss, value at risk (risk-type specific)	• Overall risk strategy plus sub-strategies for significant risk types • Establishment of a general risk understanding and creation of a uniform risk culture	• Ensuring exchange of information and networking in committees that operate across all risk types • Retaining qualified staff in line with progressive product innovation or regulatory adjustments	• Group Risk Report plus risk type-specific Group formats, particularly for default, market and operational risks • Uniform, consolidated data repository as starting point for Group reporting
Sub-portfolios	• Sub-portfolio limit based on Group targets • Expansion of group-wide performance metrics using sub-portfolio-specific indicators	• Clear formulation of risk policy in guidelines (portfolios, asset classes, etc.) • Different credit authorities based on compliance of transactions with the Bank's risk policy.	• Interdisciplinary composition of segment committees (e.g. credit and market risk, accounting) • Ensuring uniform economic opinions	• Portfolio batches as per established portfolio calendar • Systemic and operational asset quality review • Trigger monitoring with clear escalation and reporting lines
Individual exposures	• Limitating concentration risk and uniform management by EaD, LaD and CVaR	• Rating-dependent credit authority regulations with clear escalation processes	• Deal team structures • Institutionalized exchange within the risk function, also taking account of economic developments	• Limit monitoring at individual exposure level • Monthly report to the Board of Managing Directors on concentration risk trends

Our risk management system ensures that the entire portfolio and the sub-portfolios, right down to individual exposures, are managed consistently and thoroughly on a top-down basis. The ratios and measures required for risk management are based on overarching Group targets and are enhanced at downstream levels by sub-portfolio and product specifics.

Risk strategic guidelines determined on Group level are broken down by segment and sub-portfolio and monitored in a timely manner. For the operational management of the specific risk types appropriate key figures and instruments are applied.

Default risk

Default risk refers to the risk of potential losses or profits foregone due to defaults by counterparties as well as to changes in this risk. Country risk, issuer risk and counterparty and settlement risk in trading transactions are also subsumed under default risk.

Credit risk parameters by segments as at December 31, 2009

	Exposure at Default in € bn	Expected Loss in € m	Risk Density in bp	Unexpected Loss in € m
Focus: Core bank	**336**	**1,390**	**41**	**7,625**
Private Customers	78	262	34	1,155
Residential mortgage loans	37	115	31	
Investment properties	5	18	35	
Individual loans	14	69	50	
Consumer and installment loans / credit cards	11	49	43	
Domestic subsidiaries	4	6	13	
Foreign subsidiaries and other	6	6	9	
Mittelstandsbank	110	495	45	3,189
Financial Institutions	21	56	27	
MSB Domestic	62	332	53	
MSB International	27	107	40	
Central & Eastern Europe	24	295	122	931
BRE Group	19	149	77	
CB Eurasija	2	46	302	
Bank Forum	1	86	1,000	
Other	2	15	61	
Corporates & Markets	89	323	36	2,046
Germany	30	141	47	
Western Europe	31	113	36	
Central and Eastern Europe	3	5	18	
North America	15	46	31	
Other	9	17	18	
Others and Consolidation	36	15	4	303
Optimization	**253**	**722**	**29**	**4,412**
Asset Based Finance	253	722	29	4,412
Commercial Real Estate	77	320	42	
Eurohypo Retail	19	37	19	
Shipping	28	283	102	
thereof ship financing	*22*	*232*	*106*	
Public Finance	129	82	6	
Downsize	**32**	**234**	**73**	**1,760**
PRU	32	234	73	1,760
Group	**621**	**2,346**	**38**	**13,796**

At Group level, the EaD for Commerzbank (excluding Dresdner Bank) as at December 31, 2008 was €533bn with an EL of €1,145m, a risk density of 21 basis points and a UL of €5,064m.

1. Commerzbank Group by segments

We use the risk parameters exposure at default (EaD), expected loss (EL), unexpected loss (UL = economic capital consumption with a confidence level of 99.95 % and a holding period of one year) and risk density (EL/EaD) to manage and limit default risk.

1.1 Private Customers

In the third quarter of 2009, the segment profile was changed and the Eurohypo retail portfolio, which is mostly secured by prime collateral, was allocated to Asset Based Finance. This reduced EaD volume by around €20bn, with a small rise in risk density. The EaD continued to decline slightly in 2009 even in the reshaped segment due to our continuing rigorous focus on value-creating new lending.

The 2009 economic environment was dominated by the recession at the end of 2008/beginning of 2009, but the effect on the relevant macroeconomic risk drivers throughout the year was less pronounced than was expected at the beginning of the year. In particular, the measures introduced to stabilize the economy and the substantial rise in short-time working managed to prevent a sharp rise in unemployment and corporate insolvencies.

Although loan loss provisions rose as expected during the year, the level reached was fortunately below forecast at the beginning of 2009 due to economic developments and the risk mitigation measures we initiated for new and existing loans. Due to this environment and as a result of the measures taken the risk density fell until midyear and stabilized in the second half of the year.

1.2 Mittelstandsbank

The shift from the financial market crisis to the economic one is also reflected in the Mittelstandsbank's credit portfolio. The effects can be seen in particular in the negative rating migration of individual customers. We assume that this trend will continue in 2010 due to economic developments. In parallel with the rating migration, there was also a sharp rise in the number of restructuring cases and insolvencies in 2009. Despite the aforementioned negative effects, two-thirds of the overall portfolio are still classified as investment grade.

Mittelstandsbank saw a significant reduction in credit volumes in the course of the year due mainly to the drop in demand for credit on account of the economic conditions as well as to an active reduction of credit volume in our branches abroad in Western Europe and Asia. Our strategy outside Germany (Western Europe, Asia) is to concentrate mainly on client relationships with a strong connection to Germany. With an exposure of €62bn (56 % of the portfolio), Corporate Banking in Germany remains the segment's core business. We expanded our rating and scoring platform to incorporate analysis of sector-specific corporate perspectives, thereby enabling us to actively and competently support our customers' business models in the difficult market environment. On that basis, we can make available additional lending resources to our customers, our assumption being that GDP will grow by 2 % in Germany in 2010 and that credit volumes will grow as well.

For developments in Financial Institutions see section 2.3.

1.3 Central & Eastern Europe

Central and Eastern Europe was also largely dominated by the financial crisis in 2009. The economic downturn triggered by this was reflected as expected in a deterioration in risk data. Despite government intervention and international support, Ukraine in particular suffered badly from the crisis, resulting in significant credit defaults, notably in the fourth quarter.

Our Russian unit CB Eurasija registered a deterioration in risk density to 302 basis points due mainly to further rating downgrades in 2009. Russia came under severe pressure in the financial crisis, not least because as a country dependent on exporting commodities, it was also hit by falling oil and gas prices. The recovery in commodity prices stabilized the situation. Currency reserves are rising and the economy reported moderate growth once more, so that we expect CB Eurasija's portfolio to show a general improvement in risk in 2010.

The Polish BRE Group, which saw its risk density rise to 77 basis points, is a significant sub-portfolio in the segment with an exposure of €19bn. Overall, this is a comparatively low figure for Central and Eastern Europe, as Poland has come out of the international financial crisis relatively well, performing among the best in the region. The positive trend was helped by the appreciation of the zloty against the euro compared to a year ago, and industrial production is now rising strongly again.

Impairments rose significantly overall in 2009, driven mainly by Bank Forum, and also to a certain extent by BRE as well as special effects. For 2010 we expect the situation to ease with a correspondingly lower need for impairments.

1.4 Corporates & Markets

There were various restructurings in the Corporates & Markets segment during the course of the year. Public Finance was transferred to Asset Based Finance and portfolios identified for wind-down moved to the Portfolio Restructuring Unit (PRU).

The segment's regional focus was on Germany and Western Europe with €61bn. The decline in exposure to €89bn was largely due to the reduction of the Financial Institutions portfolio and a reduction of trading activities as part of our de-risking strategy. Against the prevailing economic backdrop, the segment's risk density rose to 36 basis points, but is still below Commerzbank Group's overall figure.

1.5 Asset Based Finance

Asset Based Finance (ABF) comprises the Commercial Real Estate (CRE), Eurohypo Retail, Ship Financing and Public Finance sub-portfolios which are shown in detail below.

Commercial Real Estate

The overall exposure for commercial real estate lending, which primarily derives from Eurohypo, was €77bn at December 31, 2009. The main components are the sub-portfolios Office (€25bn), Commerce (€20bn) and Residential Real Estate (€10bn). The decrease compared to the end of 2008 of some €9bn was the result of repayments, exchange rate fluctuations and market-driven transfers to the default portfolio.

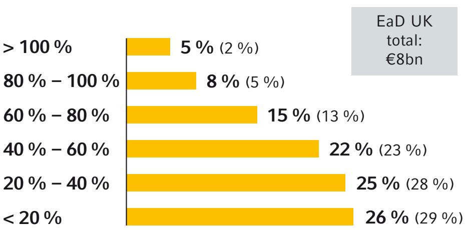
The unfavourable economic environment had a negative effect in 2009 on all major real estate markets, albeit with a differing intensity. Even though the markets had stabilized by mid-year, with investor interest picking up at the same time, Eurohypo still only made new commitments of €3bn in selected market transactions in 2009. In line with our strategy and mirroring the behaviour of our customers, we again concentrated on high-quality properties in prime locations with long-term secured cash flows.

In 2009 as part of Eurohypo's Focus project, we took a series of decisions to help improve the unsatisfactory risk situation over the medium term and to generally optimize the portfolio. Key measures involved were:

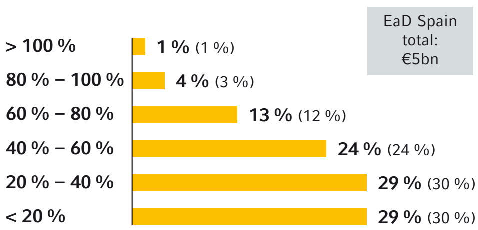
- concentrating on a small number of core markets
- terminating Corporate Loan business in the CRE environment
- discontinuing business with property developers, and
- limiting the customer spectrum to large, professional market participants

Despite ongoing corrections in market value, our mortgage lending portfolio continues to display loan-to-value ratios (LtVs) that largely cover our claims.

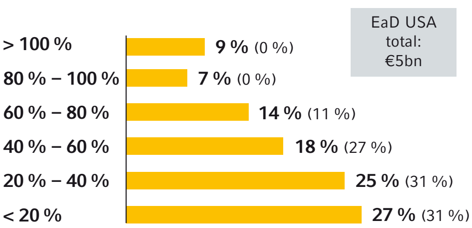
Loan to Value – UK [1, 2, 3]
stratified representation



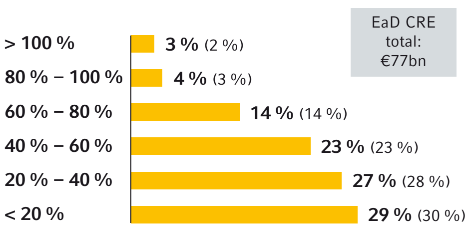
Loan to Value – Spain [1, 2, 3]
stratified representation



Loan to Value – USA [1, 2, 3]
stratified representation



Loan to Value – CRE total [1, 2, 3]
stratified representation



[1] LtVs based on market values.
[2] Excl. margin lines and corporate loans.
[3] Additional collateral not taken into account.

All figures relate to business secured by mortgages.
Values in parentheses: December 2008

The negative market trend is continuing in the USA in particular, but is less pronounced. This trend implies that there may be an increase in credit risks. In the UK and Spain and in our core business in Germany, our LTVs mostly range between 60 % and 80 %. The volume of corporate loans (discontinued business) in the CRE division – loans unsecured by mortgages that are extended to large real estate portfolios (such as real estate investment trusts (REITS) and funds) against financial covenants or pledges of shares – was €3bn as at the reporting date.

Eurohypo Retail

The responsibility for Eurohypo's retail banking was transferred to the ABF segment in 2009. The EaD was €19bn as at December 31, 2009. The portfolio comprises mainly owner-occupied homes (€11bn), owner-occupied apartments (€4bn) and multi-family houses (€3bn). Due to the good LTVs (based to remaining time) in this portfolio which predominantly contains prime collateral, we expect the risk content to remain largely stable even in difficult macroeconomic circumstances.

Ship financing

The financial market crisis has plunged the global economy, global trade and, in turn, shipping and ship financing into a distinct crisis. Declining cargo volumes and slowing demand for transportation, together with a steady increase in fleet sizes, have exacerbated the tonnage overhang. Downward pressure on freight and charter rates has increased as a result, and the container and tanker segments have suffered drastic downturns in places. Ships laid up or operating at a slower rate plus increasing scrappages, delivery postponements and cancellations of existing orders for new ships only provided minimal relief for the markets in 2009.

The negative knock-on effects, particularly in the container shipping segment, are sometimes major losses for shipping companies and interruptions in debt-servicing of ship finance. Increases in freight quotas in container shipping are not yet reflected in charter rates, which still remain at operating cost level. In the strongly growing tanker sector, increasing oil deliveries and weather-dependent factors at least stabilized volatile market quotas, which are below full debt-servicing but above operating cost level. After a low point at the beginning of 2009, the business in bulkers was largely driven by the continued boom in emerging nations as a result of economic stimulus plans as the year progressed.

The shipping finance portfolio was reduced throughout the year by €3bn to €22bn, of which €12bn was booked to Deutsche Schiffsbank and €10bn to Commerzbank AG. Dominant segments in the portfolio are containers (€6bn), tankers (€5bn) and bulkers (€5bn). The main drivers behind the rise in the expected loss (up €160m) and risk density (up 77 basis points) were market-related negative rating changes, particularly in the container and tanker segments. Consequently the proportion of the performing portfolio with investment grade ratings fell because of the market environment to currently 38 % of the exposure (by PD rating).

Our focus remains primarily on managing our existing portfolio and we are continuing to work closely with our customers on systematically reducing our risks. Where it makes financial sense, we are looking here for solutions that are based on partnership and will not unsettle the market. Stabilization measures have been initiated for significant construction loans, involving capital injections by initiators / limited partners, specific contributions of public funds, shipyard loans and additional collateral.

In spite of the stabilization measures, we expect market-related deteriorations in ratings, a rise in the non-investment grade segment and problem loans as well as a continued noticeable rise in risk costs in the shipping business.

Public Finance

The Public Finance portfolio comprises receivables and securities, with predominantly long maturities, some of which are held in the Available for Sale (AfS) category, but most of which are held as Loans and Receivables (LaR) by Eurohypo and EEPK. Borrowers in our Public Finance business (€84bn) are sovereigns, federal states, regions, cities and local authorities as well as supranational institutions. Principal exposure was in Germany and Western Europe, of which around €24bn related to Ireland, Italy, Portugal and Spain and €3.2bn to Greece.

The remaining portfolio was accounted for by banks (€45bn), with the focus on Germany and Western Europe (approx. 92 %). Most of the banking portfolio comprised securities / loans which to a large extent feature grandfathering, guarantee / maintenance obligations or other public sector declarations of liability, or were issued in the form of covered bonds.

We are systematically continuing to manage down the portfolio in a manner that limits the impact on our results. EaD fell further to €129bn in 2009 with a slight rise in risk density, some €2.3bn of which related to the five above-mentioned western European countries. Overall we are aiming for a reduction to €100bn by the end of 2011.

1.6 Portfolio Restructuring Unit (PRU)

The PRU manages only assets that have been classified as non-strategic by Commerzbank and are therefore being wound down. These are asset backed securities (ABS) with a market value as at December 31, 2009 of €21.7bn (shown in detail in section 2.1) and other non-securitized positions of €5.6bn net.

Other items in the PRU include mainly bonds, loans, credit default swaps and tranches of pooled credit default swaps which are outside Commerzbank's strategic focus. The consolidation in the PRU allows these positions to be managed uniformly and efficiently. The book is actively immunized against market movements using credit default swaps and standardized credit indices and index tranches. It concentrates on the rating classes BBB and BB, and the overall risk exposure to counterparties in the financial sector remains low. The book is managed within narrow limits for VaR and credit spread sensitivities. Positive market developments with falling credit spreads led to an absolute decline in market values during the year for both bought and sold credit default swap positions. In 2009, the volume of bonds and loans was managed down by a total nominal value of €4.4bn.

A year-on-year unchanged €1.3bn exposure (nominal volume) to private finance initiatives (PFI) was also transferred to the PRU. The portfolio covers the private financing and operation of public sector facilities and services, such as hospitals or water supply companies. All the financings in the PRU portfolio relate to the UK and have extremely long maturities of between 20 to 25 years. Some of the portfolio's credit risk is hedged through monoline insurers.

2. Cross-segment portfolio analyses

It is important to note that the following positions are already contained in full in the reported Group and segment data.

2.1 Asset Backed Securities portfolio

in € bn	31.12.2008[1]		30.9.2009		31.12.2009	
	nominal values	market values	nominal values	market values	nominal values	market values
ABS exposure PRU	**39.7**	**29.1**	**33.6**	**23.6**	**31.8**	**21.7**
Secondary market ABS	19.4	12.1	16.7	9.5	17.1	10.0
Conduits	4.7	4.7	2.9	2.9	2.0	2.0
ABS hedge book	13.7	10.3	12.9	10.0	11.7	8.7
CIRC	1.1	1.2	0.4	0.5	0.4	0.5
Other	0.8	0.7	0.7	0.6	0.7	0.5
ABS exposure non-PRU	**14.0**	**13.6**	**13.5**	**13.0**	**13.1**	**12.7**
Conduits	6.4	6.4	6.2	6.2	5.9	5.9
Other	7.6	7.2	7.3	6.8	7.2	6.7
Commerzbank total	**53.7**	**42.7**	**47.0**	**36.6**	**45.0**	**34.3**

[1] Pro forma addition of Commerzbank and Dresdner Bank.

2.1.1 ABS exposure PRU

The ABS segments "Corporate CDOs", "CMBSs" and "European ABS" in particular saw a narrowing of spreads in the last few months of 2009. The senior tranches of these securitization structures were the main beneficiaries, while the narrowing of spreads in the lower rating categories was less marked. However, we took advantage of the market recovery to continue the systematic and significant reduction in our exposure. As the year progressed, we substantially lowered the nominal volume from €39.7bn to €31.9bn, with market values down from €29.1bn to €21.7bn. We took advantage of the favourable environment at the beginning of 2010 to wind down the portfolio further. We will continue to manage down the PRU portfolio with the emphasis on value maximization.

Secondary market ABS

These are investments in ABS securities that were made by Commerzbank as part of its replacement credit business or in its function as arranger and market maker in these products.

Due to the still large number of mortgage foreclosures and higher and persistent unemployment in the USA, we do not expect any improvement in house prices there over the medium term. US RMBSs will therefore continue to exert a negative effect, even if there has been a slowdown in the rate of growth of past-due mortgage loans.

Whereas government-guaranteed ABSs, Consumer ABSs and SME CDOs have not required significant write-downs and have in some cases been written up, US CDOs of ABSs, CMBSs and US RMBSs were affected by further impairments.

The following breakdown shows the distribution of holdings of secondary market ABSs by product, rating and geographical origin of the underlyings.

Portfolio by product | in € bn	31.12.2009
Corporate CDO	2.0
Non-US RMBS	2.3
Consumer ABS	1.6
US CDO of ABS	0.9
CMBS / CRE CDO	1.0
Government guaranteed	0.5
SME CDO	0.5
US RMBS	0.4
Other ABS	0.7
Total	**10.0**

Portfolio by region | in € bn	31.12.2009
USA	4.3
UK & Ireland	1.2
Italy	1.1
Spain & Portugal	0.5
Benelux	0.8
Germany	0.3
Pan-European	0.6
Other	1.3
Total	**10.0**

Rating breakdown secondary market ABS | in %	31.12.2009
AAA	50
AA	7
A	13
BBB	6
< BBB	24

US RMBS / CDO portfolio

The holdings of direct and indirect securitizations of US mortgage loans such as US RMBSs and CDOs of US RMBSs have already been written down to a high percentage. In spite of the loan repayments we are currently receiving in some cases due to the seniority of our investments, there are likely to be some further impairments in 2010 depending on the future performance of this sector. The US RMBS portfolio had a market value of €0.4bn at the end of 2009.

The CDOs of US ABSs / RMBSs portfolio had a market value of €0.9bn at the end of 2009. Any positions in this sub-segment which do not have the highest seniority in their respective transaction structure have been almost fully written down for some time. However, we continue to receive repayments on some of the transactions from earlier years.

Vintages in %	US non-prime RMBS	CDO of US non- prime ABS/RMBS
≤2004	3	7
2005	20	54
2006	43	39
2007	35	1

Rating breakdown in %	US non-prime RMBS	CDO of US non- prime ABS/RMBS
AAA	18	0
AA	10	0
A	6	13
BBB	2	15
<BBB	65	72

Commercial Mortgage Backed Securities (CMBS)/CRE CDO

CMBSs reports a market value at the end of December 2009 of just under one billion euro, with the underlyings deriving principally from the UK/Ireland (35 %), the USA (21 %) plus Germany and Benelux (12 % each). Those with a AAA rating account for 52 %, with AA and A ratings accounting for 16 % each.

Realized credit losses on CMBS positions have been limited to date, although a significant increase is anticipated over the medium term. The PRU's CMBS portfolio had a significant mark down ratio as at December 31, 2009 of 40 %.

Conduit exposure managed in the PRU

The conduit exposure managed in the PRU was reduced considerably during the year from €4.7bn to €2.0bn at the end of December 2009. The decline in this exposure was due to the continued, full and loss-free termination of certain ABS programmes ahead of schedule as well as to sustained reductions in parts of other programmes. On the other hand some transactions, rated as critical, where the Bank saw a need for loan loss provisions were purchased from the conduit Beethoven at par under existing contractual provisions for subsequent liquidation and/or restructuring. The positions managed in the PRU relate to the entire Beethoven conduit (€1.3bn) as well as one transaction from Silver Tower (€0.5bn) and one from Kaiserplatz (€0.3bn). Under the management of the PRU we still plan to wind down the positions, which are in some cases critical, completely over time.

The receivables underlying the PRU conduit exposures are highly diversified and reflect the differing business segments of the respective sellers of receivables or customers.

Conduits PRU by product | in € bn	**31.12.2009**
Corporate Loans	0.5
Capital Commitments	0.5
Film Receivables	0.3
Div. Payment Rights	0.3
CRE CDO	0.3
RMBS	0.1
Trade Receivables	<0.1
Total	**2.0**

Rating breakdown conduits PRU | in %	**31.12.2009**
AAA	22
AA	6
A	8
BBB	63
<BBB	1

ABS hedge book

As at December 31, 2009, ABS positions with a nominal value of €11.7bn (market value €8.7bn) were hedged by means of credit default swaps (of which around €6.0bn through monoline insurers). The mark-to-market (MtM) value of the trading book transactions with monoline insurers was €0.7bn. To cover the default risk of monoline insurers, the Bank has set aside reserves, recognized in profit and loss, in the form of counterparty default adjustments (CDAs) in the amount of €0.3bn, with the replacement risk resulting from these positions totalling €0.4bn. The €1.35bn fall in overall CDAs to €550m in 2009 was attributable mainly to the discontinuation of hedges by one monoline insurer and the subsequent reversal of €943m CDAs. This was only partially offset by the corresponding €1.2bn MtM adjustment of the underlying positions. The Bank made adequate allowance for the expected defaults and the possible impairments that may arise. In the event of defaults by monoline insurers we do not expect any further significant write-downs overall.

Portfolio by product in € bn	**Monoline insured**	**Other insurers**
Non-US RMBS	2.5	0.4
US ABS CDO	1.8	0.1
Corporate CDO	0.8	2.0
Other ABS	0.7	<0.1
US RMBS	0.2	–
CMBS/CRE CDO	0.1	0.1
Total	**6.0**	**2.6**

Rating breakdown in %	Monoline insured	Other insurers
AAA	55	32
AA	8	34
A	25	11
BBB	2	5
BB	0	10
<BB	10	7

Credit Investment Related Conduits (CIRC)
As at the reporting date December 31, 2009, the direct exposure to ABS-CIRC structures after deducting the first loss position and top-up amounts paid under margin calls (both on the sponsor's account) had been reduced from the 2008 year-end value of €1.1bn* nominal to €0.4bn. One of the two CIRC structures in existence at the end of 2008 was dissolved in the year under review and the financed assets with a nominal value of €93m taken onto the balance sheet.

2.1.2 Non-PRU ABS exposure
Below are details of ABS positions from our strategic customer business which will continue to be allocated to the core bank in future and were therefore not transferred to the PRU. These are conduit exposures in Corporates & Markets and other mainly government-guaranteed papers held by Eurohypo and CB Europe (Ireland). When combined with the information given in section 2.1.1 (ABS exposure PRU), this gives an overall view of the ABS product category.

Conduit exposure
The asset backed commercial paper (ABCP) conduit business of Corporates & Markets, which is reported in full on Commerzbank's balance sheet and is not managed by the PRU, amounted to €5.9bn at the end of 2009 (December 2008: €6.5bn*). The slight decline in exposure is due to amortizing ABS programmes in the conduits. The majority of these positions consists of liquidity facilities / back-up lines granted to the conduits Kaiserplatz and Silver Tower administered by Commerzbank. The volume of lending to conduits of other banks was reduced to almost zero in the reporting year with hardly any losses incurred. The low remaining exposure consists almost exclusively of liquidity lines for one outstanding transaction.

The underlying receivables of the Bank's ABCP programmes are strongly diversified and reflect the differing business strategies pursued by sellers of receivables or customers. These receivable portfolios do not contain any US non-prime RMBS assets. To date, we have not recorded losses on any of these transactions. We do not currently see any need for loan loss provisions in respect of the liquidity facilities / back-up lines classified under the IFRS category Loans and Receivables.

* Pro forma

Conduits non-PRU by products | in € bn	**31.12.2009**
Corporate Loans	2.0
Trade Receivables	1.8
Auto Loans / Leases	1.6
Equipment Leasing	0.4
Consumer Loans	0.1
Total	**5.9**

Rating breakdown conduits non-PRU | in %	**31.12.2009**
AAA	31
AA	27
A	37
BBB	3
< BBB	3

The volume of ABS structures financed by Silver Tower was €5.0bn as at December 31, 2009 (December 31, 2008: €5.4bn*). The ABS structures are based on customers' receivable portfolios as well as in-house loan receivables (Silver Tower 125, volume €2bn), which were securitized as part of an active credit risk management. One CLO transaction in the Silver Tower portfolio with a volume of €0.5bn was designated as critical and transferred to the PRU in the third quarter.

The volume of ABS structures financed under Kaiserplatz was €0.9bn as at December 31, 2009 (December 31, 2008: €0.9bn). Virtually all of the assets of Kaiserplatz consist of securitizations of receivable portfolios of and for customers. We have designated €0.3bn of the assets in this conduit as critical and placed them under the management of the PRU in the third quarter.

Other asset backed exposures

Other ABS exposures with a total market value of €6.7bn are mainly held by Eurohypo in Public Finance (€5.3bn) and by CB Europe (Ireland) (€1.2bn). Those are principally government guaranteed papers (€5.9bn), of which about €4.3bn is attributable to US Government Guaranteed Student Loans.

A further €0.6bn is related to non-US RMBSs, CMBSs and other mainly European ABS paper.

Originator positions

In addition to the secondary market positions discussed above, Commerzbank and Eurohypo have in recent years securitized receivables from loans to the Bank's customers with a current volume of €14.0bn, primarily for capital management purposes, of which risk exposures with a nominal value of €8.7bn were retained as at December 31, 2009. By far the largest portion of these positions is accounted for by senior tranches of €8.3bn, which are nearly all AAA rated.

* Pro forma

The exposures stemming from the role of originator reflect the perspective of statutory reporting, taking account of a risk transfer recognized for regulatory purposes. In addition to Commerzbank's securitized credit portfolios, securities repurchased in the secondary market and / or tranches retained are also listed. This applies regardless of whether the tranches were structured in the form of a tradable security.

			Commerzbank volume[1]		
Securitization pool in € m	**Maturity**	**Total volume[1]**	**Senior**	**Mezzanine**	**First loss piece**
Corporates	2013 – 2027	8,117	7,387	81	177
MezzCap	2036	176	12	0	10
RMBS	2048	363	1	0	30
CMBS	2010 – 2084	5,297	920	55	33
Total		**13,952**	**8,321**	**135**	**250**

[1] Tranches / retained volume (nominal): banking and trading book.

2.2 Leveraged Acquisition Finance portfolio

The exposure of the Leveraged Acquisition Finance portfolio was reduced from €10.9bn* to €5.4bn in 2009. Owing to the strict selection of risks, new transactions were only carried out on a very selective basis. The market has been showing increased activity again since the second half of the year, but still at a low level.

Our current risk strategy involves a clear focus on the core markets of Europe, a reduction in existing bulk risks and on new business on a selective basis.

The well diversified portfolio is characterized by a high level of granularity. Geographically its main part remains in Europe (91 %) with a strong focus on Germany (48 %). The companies in this portfolio are comparatively vulnerable to recession because of their often high debt levels. This is evident in the negative rating trend and the rising number of restructurings compared to 2008.

EaD by sectors | in € bn	**31.12.2009**
Technology / Electrical industry	0.7
Consumption	0.6
Services / Media	0.5
Chemicals / Plastics	0.5
Financial institutions	0.4
Mechanical engineering	0.4
Basic materials / Energy / Metals	0.3
Transport / Tourism	0.3
Automotive	0.1
Construction	0.1
Sovereigns	0.1
Other	0.2
Direct LAF portfolio total	**4.1**

* Pro forma

The exposure of the direct LAF portfolio fell from €6.4bn to €4.1bn in 2009. The situation in the syndication market eased somewhat during the course of the year. Institutional investors in particular showed renewed interest, but demand among banks was still very modest.

Indirect LAF business (exposure as at December 2009: €1.3bn) was transferred to the Portfolio Restructuring Unit in the second half of 2009 and is being managed and unwound there.

2.3 Financial Institutions and Non-Bank Financial Institutions portfolio

Most of the following positions are held in Corporates & Markets and Asset Based Finance (Public Finance), other exposures relate to Mittelstandsbank, the PRU and Treasury, with only a small proportion in Central and Eastern Europe.

We pressed ahead with our strategy of actively reducing the volume in the Financial Institutions sub-portfolio in 2009. Based on a consolidated exposure of €152bn on March 31, 2009, we realized a reduction of around €40bn (26 % of overall volume) in the course of the year. The same applied to Non-Bank Financial Institutions where we achieved a €17bn reduction (25 % of overall volume) as from March 2009.

	Financial Institutions (FI)		Non-Bank Financial Institutions (NBFI)	
	Exposure at Default in € bn	Expected Loss in € m	Exposure at Default in € bn	Expected Loss in € m
Germany	39	3	9	11
Western Europe (excl. Germany)	45	9	25	67
Central and Eastern Europe	7	34	<1	1
North America	6	2	8	49
Other	16	26	10	122
Total	**113**	**75**	**52**	**251**

Securities and CDS portfolios of issuers with high credit ratings account for 45 % of the FI portfolio by asset class. The loan book (23 % of the portfolio) is dominated by short-term money market transactions with selected highly rated customers in order to place surplus liquidity. The derivatives business, which is also significant, accounting for 18 % of the portfolio, involves transactions with the world's largest banks, with whom we usually trade on the basis of collateral agreements. As regulation is strict, we regard the risk profile as less critical in the industrialized countries that are important for us, but we do not expect bank defaults in emerging markets either.

In the NBFI portfolio, we are continuing de-risking activities and workout measures in non-strategic business areas. Our negative assessment and the resultant successful early portfolio restructuring in sectors such as finance companies and mortgage lenders have been borne out again. The entire NBFI EaD of €52bn contains €48bn of original NBFI business and €4bn of ABS and LBO transactions involving NBFIs (including PRU assets).

The largest sub-portfolio of insurers (excluding monolines), which will remain at the centre of our NBFI activities in future, is concentrated on Western Europe. The main focus of the risk limitation measures here is still on reducing the bulk risks typical for this sector. A further focus of the NBFI portfolio is the regulated fund industry. The positive development of the financial markets supported its performance considerably in the year under review.

2.4 Country classification

The regional breakdown of exposure corresponds to the Bank's strategic direction and reflects the main areas of our global business activities. Around half of our exposure relates to Germany, another third to other countries in Europe and 8 % to North America. The rest is split between a large number of countries where we support our German exporters in particular or have a local presence.

Credit risk parameters by regions as at December 31, 2009

	Exposure at Default in € bn	Expected Loss in € m	Risk Density in bp
Germany	310	987	32
Europe (excl. Germany)	216	889	41
North America	48	189	39
Other	47	281	60
Group	**621**	**2,346**	**38**

2.5 Rating classification

The Bank's overall portfolio is split proportionately into the following internal rating classifications based on PD ratings:

in %	1.0 – 1.8	2.0 – 2.8	3.0 – 3.8	4.0 – 4.8	5.0 – 5.8
Private Customers	20	45	23	9	3
Mittelstandsbank	18	48	21	7	6
Central & Eastern Europe	19	37	27	14	3
Corporates & Markets	45	35	11	4	5
Asset Based Finance	49	32	13	4	2
Group[1]	**39**	**37**	**15**	**5**	**4**

[1] Incl. PRU and Others and Consolidation.

2.6 Sector classification

The following table shows the breakdown of our Corporates exposure by sector, irrespective of business segment.

Sub-portfolio "Corporates" by sectors as at December 31, 2009

	Exposure at Default in € bn	Expected Loss in € m	Risk Density in bp
Basic materials / Energy / Metals	29	123	43
Consumption	23	133	57
Technology / Electrical industry	12	56	46
Transport / Tourism	12	58	49
Services / Media	12	79	66
Mechanical engineering	11	142	126
Chemicals / Plastics	9	71	76
Automotive	9	135	149
Construction	4	23	52
Other	14	53	37
Sub-portfolio "Corporates" total	**137**	**874**	**64**

The detailed analysis of our Corporates sub-portfolio shows a well diversified sector mix with a focus on raw materials / energy / metal and consumption which account for 21 % and 17 % each. Apart from construction (3 %), all other individually reported sectors accounted for between 7 % and 9 % of the Corporates sub-portfolio.

Market and liquidity risks

1. Market risk

Market risk is the risk of potential financial losses due to changes in market prices (interest rates, commodities, spreads, exchange rates and equity prices) or in parameters that affect prices such as volatility and correlations. Loss of value may be taken to income directly, e.g. trading book items, or be reflected in the revaluation reserve or in hidden liabilities / reserves on banking book items.

Commerzbank uses a wide range of qualitative and quantitative tools to manage and monitor market risk. Guidelines for maturity limits and minimum ratings are designed to protect the quality of market risk positions. Quantitative specifications such as sensitivities, value at risk measures, stress tests and scenario analyses as well as key economic capital ratios limit market risk. The qualitative and quantitative factors limiting market risk are fixed by the Group Market Risk Committee. Market risk is determined on a daily basis and limit utilization is monitored. We also monitor market liquidity risk, which considers the time it takes to close or hedge risk positions.

In 2009 the special focus of the market risk function was on intensive position and risk analysis with the aim of reducing market risk. Furthermore we succeeded in reducing the complexity of the entire portfolio by targeting and managing down specific individual transactions.

1.1 Market risk in the trading book

The large reduction in market risk during 2009 can best be seen by comparing value at risk figures at the end of December 2009 with those for the end of March 2009. Taking December 2008 as the basis for measuring year-on-year changes in market risk in the trading book is less meaningful, as portfolio effects between Commerzbank's and Dresdner Bank's positions could not be calculated at that time. Furthermore, the VaR model was expanded in the first quarter in context with the integration to improve the presentation of credit spread risk from ABS transactions and complex credit derivatives. This resulted in credit spread VaR values increasing significantly.

The reduction in risk occurred during the year throughout all asset classes but was particularly pronounced in credit spread risks. A major portion of the risk in this asset class is now assigned to the PRU. Overall, the risk reduction was boosted by the market environment which is returning to normal accompanied by lower volatility.

The market risk profile in the trading book is well diversified across all asset classes with a continued predominance of credit spread risks.

VaR contribution by risk type in the trading book

VaR 99 % confidence level, 1-day holding period

in € m	31.12.2009	31.3.2009	31.12.2008 Commerzbank	31.12.2008 Dresdner Bank
Credit Spread	32.6	38.2	6.4	10.6
Interest Rate	13.9	15.2	10.3	11.2
Equity	9.0	11.6	11.2	7.9
FX	3.5	3.6	2.2	4.0
Commodities	1.5	2.8	0.3	0.3
Total	**60.5**	**71.4**	**30.5**	**33.9**

Due to the financial market crisis, it is still not possible to resume using mark-to-market valuation approaches for all transactions in the trading book. In these cases a mark-to-model valuation is used; this applies mainly to ABS positions.

1.2 Market risk in the banking book

The main drivers of market risk in the banking book are credit spread risks in the Public Finance portfolio including the positions held by subsidiaries Eurohypo and EEPK, the Treasury portfolios and equity price risks in the equity investments portfolio. We took advantage of favourable conditions in the financial markets in 2009 to systematically reduce positions, particularly investments. The decision to reduce the Public Finance portfolio continues to be implemented as part of our de-risking strategy.

Credit spread sensitivities in the banking book

Downshift 1 bp | in € m

* Pro forma

The diagram above documents the development of credit spread sensitivities for all securities and derivative positions (excluding loans) in the Commerzbank Group's banking book. The decline seen in the first half of the year did not continue, because in spite of the workout measures, the present values of positions rose as a result of the fall in long-term interest rates. This led to a rise in credit spread sensitivity. Around €69m of the overall sensitivity at the end of December 2009 was accounted for by securities positions which are classified by financial accounting as LaR. Changes in credit spreads have no impact on the revaluation reserve and the P & L for these portfolios.

2. Liquidity risk

Liquidity risk is defined in the narrower sense as the risk that Commerzbank will be unable to meet its payment obligations on a day-to-day basis (intraday liquidity risk). In a broader sense, structural liquidity risk is defined as the possibility that the financial resources to meet future payment obligations will not be available as and when they fall due, in full, in the correct currency or on standard market terms. In addition, if there is a liquidity crisis, market liquidity risk describes the risk of the limited availability of refinancing sources, such as the capital market, money market and deposits as well as the limited liquidity of assets.

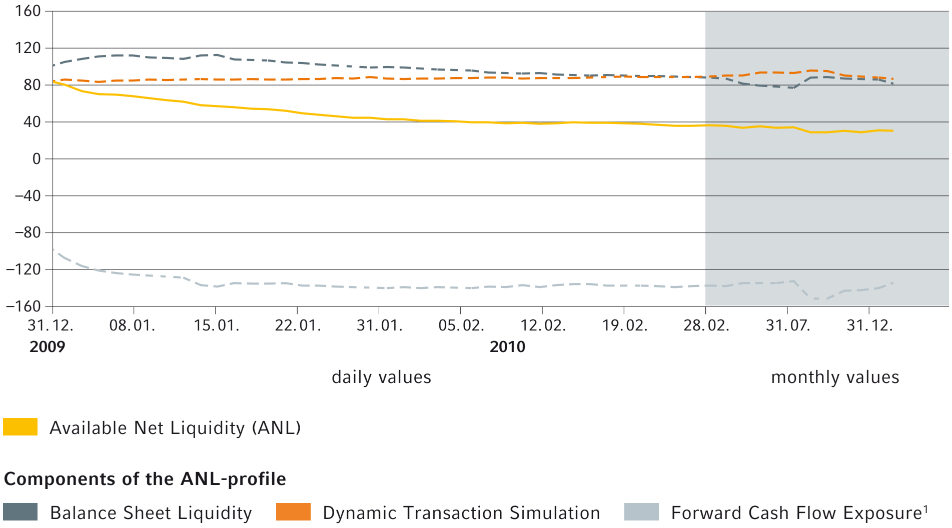
Commerzbank's ability to meet its payment obligations is quantified and monitored on the basis of two interlinked concepts; the transaction volume of Dresdner Bank has been integrated since the end of the first quarter of 2009:

- Period up to 1 year: available net liquidity (ANL) concept
- Period over 1 year: stable funding concept

The global framework for handling liquidity risk management is the liquidity risk strategy derived from the Bank's business and risk strategy which takes account of the increasing regulatory requirements for liquidity risk.

Commerzbank's internal liquidity risk model is the basis for liquidity management and reporting to the Board of Managing Directors. This internally developed liquidity risk measurement approach calculates the available net liquidity (ANL) for the next 12 months on the basis of contractual and economic cash flows (forward cash exposure – FCE or dynamic trade strategy – DTS) and liquid assets (balance sheet liquidity – BSL). The following graph represents available net liquidity (ANL) and its sub-components in a combined stress scenario at the end of 2009.

Available net liquidity in the combined stress scenario of the internal liquidity risk model
in € bn

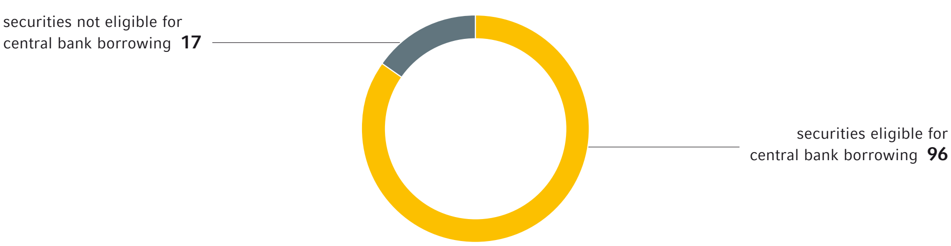


[1] Thereof derivatives amounting to €–4bn, currently excl. derivatives of Dresdner Bank.

One important component of the internal liquidity risk model is stress testing, which indicates the impact of unforeseen events on the liquidity situation due to institution-specific and market-related events and as a result provides the basis for sustainable contingency planning. The stress scenarios are recalculated daily. The assumptions underlying the stress scenarios, such as a money market that is still functioning to some extent and no excessive withdrawals of customer deposits (bank run), are checked regularly and adjusted to changes in the market environment as needed.

To cover the liquidity requirement in a stress scenario, securities eligible for central bank borrowing purposes are available and are included in the calculation of available net liquidity (ANL) as balance sheet liquidity. To cover specific hedging against sudden and unexpected payment obligations, such as from drawdowns of liquidity facilities, treasury holds a portfolio of freely available liquid securities deposited with the central bank.

Freely available securities in the internal liquidity risk model
in € bn



The classification as liquidity criterion of securities eligible for central bank borrowing purposes is currently verified on a weekly basis so that regulatory changes affecting the liquidity classification are implemented in good time in the Bank's own liquidity risk measurement and management system.

Commerzbank's liquidity and solvency were adequate at all times during the period under review – even under the assumptions of the stress scenarios – and the regulatory provisions of the Liquidity Regulation were observed. Due to Commerzbank's ample liquidity position, €10bn of government guarantees were reduced in the third quarter of 2009 without any significant impact on the Bank's liquidity profile.

The Commerzbank Group's short-term and medium-term funding relies on an appropriately broad diversification in terms of investor groups, regions and products. Long-term funding is mainly secured by means of structured and non-structured capital market products that may or may not be collateralized, as well as customer deposits.

The stable funding concept identifies the structural liquidity requirement for the Bank's core lending business as well as those assets that cannot be liquidated within one year, and compares these to the liabilities available long-term to the Bank (including core customer deposit bases). The basis for planning issues in the capital markets is provided by the results thus produced. The aim is to finance the Bank's illiquid assets and core business in terms of volume and maturity with long-term liabilities as far as possible.

Intensive care / charges against earnings

Charges against earnings in 2009 were down by almost half at €5.3bn on a pro forma basis compared to the prior-year figure.

in € bn	2008 total[1]	Q1–Q3 accumulated	Q4	2009 total
LaR credit risk provision	3.7 (2.0)	2.9	1.3	4.2
Impairments AfS / defaults trading book[2]	4.3 (1.3)	1.0	0.2	1.2
CDA charges[3]	1.7 (0.0)	–0.1	0.0	–0.1
Charges against earnings, total	**9.7 (3.3)**	**3.8**	**1.5**	**5.3**

[1] 2008 pro forma figures Commerzbank including Dresdner Bank, ( ) Commerzbank 2008 incl. €148m unwinding adjustments respectively.
[2] 2009 from ABS portfolios (including CDA changes and trading result from positions with CDA for ABS).
[3] CDA changes and trading result from positions with CDA (excluding ABS portfolios).

The changes in market-sensitive positions were the key drivers of the significant decrease. Although movements in the fourth quarter were occasionally quite strong again, markets were generally calmer during 2009. Impairments AfS / defaults trading book and CDA charges benefited from this stabilization, totalling €1.1bn which was around €5bn less than the prior-year figure. The economy's performance meant that the provision for possible loan losses in 2009 was again €0.5bn higher than in 2008. The breakdown per segment was as follows:

in € m	Q1 2008	Q2 2008	Q3 2008	Q4 2008	2008 total	Q1 2009	Q2 2009	Q3 2009	Q4 2009	2009 total
Private Customers	34	40	–1	–4	69 (19)	49	55	70	72	246
Mittelstandsbank	9	35	88	424	556 (286)	90	236	330	298	954
Central & Eastern Europe	17	25	72	75	189 (190)	173	201	142	296	812
Corporates & Markets	52	63	442	963	1,520 (363)	254	–34	44	25	289
Asset Based Finance	78	324	267	275	944 (900)	207	358	372	651	1,588
Portfolio Restructuring Unit	8	0	0	256	264 (68)	70	169	99	–11	327
Others and Consolidation	–7	1	30	–13	11 (29)	1	8	–4	–7	–2
Group	**191**	**488**	**898**	**1,976**	**3,553 (1,855)**	**844**	**993**	**1,053**	**1,324**	**4,214**

2008 pro forma figures Commerzbank including Dresdner Bank, ( ) 2008 Commerzbank in current segment structure; excluding unwinding of €148m.

Key risk drivers in 2009 were the Central & Eastern Europe, CRE Foreign and Shipping sub-portfolios. Those exposures that were particularly affected were in Ukraine and commercial real estate financing in Spain and the USA, thus impacting on the segment results for Central & Eastern Europe and Asset Based Finance. There was a notable reduction in the need for loan loss provisions in Corporates & Markets.

Although the need for loan loss provisions was dominated by major borrowers again in 2009, the risk concentration was much less than in 2008. However, this drop was over-compensated by a rise in loan loss provisions in the granular area.

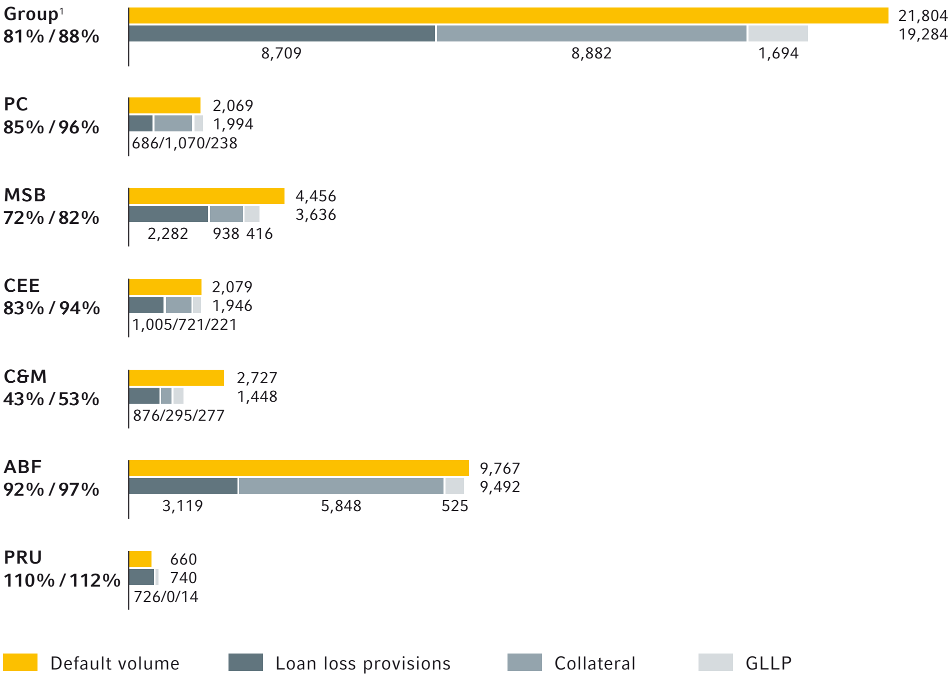
	Other cases <10 €m	≥€10m <€20m		≥€20m <€50m		≥€50m		Individual cases ≥€10m total		
Year	**Net RP total in € m**	**Net RP total in € m**	**Number of commitments**	**Net RP total in € m**	**Number of commitments**	**Net RP total in € m**	**Number of commitments**	**Net RP total in € m**	**Number of commitments**	**Net RP total in € m**
2008*	**1,091**	326	28	412	14	1,724	11	**2,462**	**53**	**3,553**
2009	**2,107**	652	48	495	22	960	10	**2,107**	**80**	**4,214**

* Pro forma

Charges against earnings will continue to decline overall in 2010, and we also expect to see a turnaround in provisions for possible loan losses. If there are no event risks, we should see a return to 2008 levels at an expected €3.8bn. However against the background of the actual uncertainness of the economic development a considerable increase in charges against earnings can not be excluded either.

The increased need for loan loss provisions is also reflected structurally in the development of the default portfolio which totalled €21.8bn on the reporting date. The detailed breakdown is as follows:

Default portfolio and coverage ratios by segment
in € m – excl. / incl. GLLP



[1] Including Others and Consolidation.

The default portfolio is backed by total collateral of almost €9bn. In the Private Customers segment, this relates predominantly to land charges on own and third-party-used residential properties. In the Mittelstandsbank, collateral is spread between various types of collateral. Guarantees and mortgage liens on commercial properties account for the largest amounts. In addition, large portions of the portfolio are also secured through transfers of title and pledged assets. For Central & Eastern Europe, land charges are mainly used as collateral, and assigned assets are also important. The collateral in the Corporates & Markets portfolio principally comprises pledges of liquid assets and guarantees. In Asset Based Finance, collateral mainly relates to land charges on commercial property, shipping mortgages and land charges on own and third-party-used residential properties.

Overall we expect a recovery rate of around 20 % from the default portfolio, which is equal to the unsecured risk. Almost 90 % of these expected cash flows relate to financial restructuring exposures which have not yet been terminated. Assumptions about the proceeds are based on statistically proven rates (certified LGD model).

In order to avoid an increase in the default portfolio, overdrafts are closely monitored at Commerzbank. In addition to the 90 days-past-due trigger event, a computer-aided management system goes into effect even in the run-up to the first date on which these amounts are overdue. The following table shows overdrafts in the white book as at December 2009:

Overdrafts in the white book as at December 2009 | EaD in € m

Segment	>0≤30 days	>30≤60 days	>60≤90 days	>90 days	total
PC	593	60	30	7	690
MSB	1,647	98	40	68	1,853
CEE	260	38	63	48	409
C & M	103	26	0	2	130
ABF	1,587	295	157	223	2,262
Group[1]	**5,177**	**624**	**290**	**353**	**6,445**

[1] Incl. Others and Consolidation and PRU.

In 2009 total foreclosed assets rose year-on-year by €187m to €385m (additions €207m, disposals €20m). This related mainly to real estate positions at our mortgage subsidiary Eurohypo. The properties are serviced and managed in companies in which Eurohypo owns a majority stake through subsidiaries; this is normally EH Estate Management GmbH. The aim is to increase the value and performance of the commercially-focused real estate portfolio through EH Estate's property expertise so that the properties can be placed on the market again in the short to medium term.

Operational risk

Operational risk is defined in accordance with the Solvency Regulation as the risk of loss resulting from the inadequacy or failure of internal processes, systems and people or from external events. This definition includes legal risks; it does not cover reputational risks or strategic risks.

Key trends in 2009

The integration involved the merger of systems, processes and data of the operational risk framework and the development of a new common model for calculating the capital requirement for operational risk which was adjusted for the requirements of the new Commerzbank. Until it has been certified by the regulatory authorities, the capital requirement for both regulatory and internal reporting purposes will still be calculated separately for Commerzbank and Dresdner Bank and reported as a total.

The experiences with OpRisk events in 2009 which was dominated by the financial crisis showed that significant losses are much more likely to occur in periods of extreme market volatility due to weaknesses in control processes, inadequate clarification and documentation processes or fraudulent activities. We therefore focussed on monitoring and continually improving the internal control system and implemented appropriate measures to further reduce the persistent residual risk of human error or fraudulent actions.

OpRisk losses of €111m were reported in 2009 (2008: €83m). Moreover the provisions affecting capital for operational risk and ongoing litigation rose by €161m, again owing to the addition of Dresdner Bank figures (2008: €18m). The total charge resulting from operational risks for the new Commerzbank was therefore €272m (2008: €101m).

The increase in operational risk losses exceeded the expected loss, which rose from €62m to €150m for the new Commerzbank in 2009 due primarily to the integration of Dresdner Bank.

Expected loss by segment | in € m	**31.12.2009**
Private Customers	50
Mittelstandsbank	19
Central & Eastern Europe	9
Corporates & Markets	58
Asset Based Finance	3
Portfolio Restructuring Unit	6
Others and Consolidation	5
Group	**150**

The regulatory capital underpinning for operational risk according to the advanced measurement approach (AMA) was €1,559m at year-end 2009. Of this amount, Corporates & Markets, Mittelstandsbank and Private Customers accounted for about 80 %, an amount that has been relatively stable over time. Loss data provided by the external Operational Riskdata eXchange Association (ORX), which we regularly use for benchmarking analyses, show comparable risk profiles.

Risk management and limitation

Limiting operational risks differs systematically from limiting credit and market risk, since the portfolio is not made up of individual clients or positions but internal processes. Measures to be taken when limits are exceeded are therefore only effective after a certain time lag. For this reason, our focus for this type of risk was more on anticipatory management by the segments and cross-divisional units.

In addition to completing the implementation of uniform methods and processes, we regard the enhancement of our early warning system as a qualitative goal in our efforts to further optimize the OpRisk profile in the Group.

Outsourcing

In the integration of Dresdner Bank, the Bank also grouped together measures for controlling its outsourcing activities. This involved transferring information on Dresdner Bank's outsourced activities and processes to Commerzbank's IT-supported application.

Litigation risks

Litigation risks are included in operational risk modelling. Management of the Commerzbank Group's litigation risks on a worldwide basis is handled by Group Legal. The latter's main function is to recognize potential losses from litigation risks at an early stage, devise solutions for reducing, restricting or avoiding such risks and establish the necessary provisions. In the area of litigation risk, increasing product complexity has led to an increase in the potential for damages.

Other risks

1. Business risk

Business risk is deemed to be a potential loss that results from discrepancies between actual income (negative deviation) and costs (positive deviation) and the budgeted figures. This loss is mainly influenced by business strategy and internal budget planning as well as by changes in the operating conditions affecting business volumes, technical processes and the competitive situation of the Bank and its competitors for customers. Business risk is managed by means of clear segment-specific targets as regards returns as well as cost/income ratios and ongoing flexible cost management in the event of non-performance.

2. Unquantifiable risks

MaRisk requires a holistic view of risk in order to meet the Pillar 2 requirements of the new Basel framework, and hence requires that unquantifiable risk categories which are subject to qualitative management and controlling processes must be also be taken into consideration.

2.1 Personnel risk

As in MaRisk, Commerzbank manages personnel risk in four categories:

- Adjustment risk: We offer selected internal and external training and continuing education programmes to ensure that the level of employee qualifications keeps pace with the current state of developments and that our employees can fulfil their duties and responsibilities.
- Motivation risk: We use employee surveys, particularly during the integration process, to try to respond as quickly as possible to potential changes in our employees' level of corporate attachment.
- Departure risk: We take great care to ensure that the absence or departure of employees does not result in long-term disruptions to our operations. In addition we monitor the quantitative and qualitative fluctuation on a regular basis, also especially in connection with the introduction of the new compensation structure.
- Supply risk: Our quantitative and qualitative staffing is based on internal operating requirements, business activities, strategy and the new Commerzbank's risk situation, particularly due to the high demands placed on staff during the merger of the two banks.

2.2 Business strategy risk

Business strategy risk is defined as the risk of negative deviations from given business targets arising from previous or future strategic decisions and from changes in market conditions.

Corporate strategy is developed further within the framework of a structured strategy process which forms the basis of the Bank's annual planning process. This involves fixing corporate strategic directions and guidelines as well as determining quantitative targets as an aspiration level for the Group and segments.

To ensure proper implementation of Group strategy to achieve the required business targets, strategic controls are carried out through quarterly monitoring of quantitative and qualitative targets in the Group and segments. In addition, we also constantly monitor market and competitive conditions, capital market requirements, changed regulatory conditions etc., with relevant changes resulting in adjustments to Group strategy.

Responsibility for strategic corporate management lies with the Board of Managing Directors, which is supported by Group Development & Strategy for strategic issues. Some business policy decisions (acquisition and disposal of equity holdings exceeding 1 % of equity) also require the approval of the Risk Committee of the Supervisory Board. All major investments are subject to careful review by the Investment and Resources Allocation Committee.

2.3 Reputational risk

We define reputational risk as the risk of losses, falling revenues or reduced enterprise value due to business events that erode the confidence of the public, the media, employees, customers, rating agencies, investors or business partners in Commerzbank.

The operational divisions, branches and subsidiaries bear direct responsibility, within the scope of their business operations, for reputational risk arising from their particular activity. Reputational risk may also stem from other types of risk and even intensify such risks. The responsibility of Group Communication for controlling this ensures the Bank is aware of market perceptions at an early stage. For this reason, relevant measures and activities relating to business policy are subjected to careful scrutiny. In particular, Commerzbank avoids business policy measures and transactions which entail significant tax or legal risks, and also ethical, ecological and social risks. All relevant credit decisions are voted on individually with regard to any reputational risk incurred. These votes may result in transactions being declined.

2.4 Compliance risk

The confidence of our customers, shareholders and business partners in Commerzbank's proper and legitimate actions underpins our business activities. This confidence is based in particular on complying with applicable regulations and conforming with customary market standards and codes of conduct (compliance). To reinforce the confidence in the Group's integrity, all risks arising in this regard are effectively managed. The ever-growing complexity of national and international laws, regulations and market standards is taken into account through constant improvements to our management of compliance risk and through adjustments to reflect current developments and challenges.

Outlook

Private Customers

For 2010 we expect unemployment and insolvencies to rise due to lower growth rates in gross domestic product. Given economic developments since the end of 2008, we assume that loan loss provisions will gradually rise in all sub-portfolios. One of Commerzbank's core challenges for 2010 concerns the use of a sensitive risk early warning system to counteract a significant rise in defaults. We do not expect residential property prices to fall back significantly as they have been stable over the past few years, and we therefore do not anticipate any impairment of collateral positions.

Mittelstandsbank

The general economic situation has recovered somewhat in Mittelstandsbank's core markets since the second half of 2009. Various economic indicators, such as new orders and industrial production, demonstrated improvement trends. Whether these are enough to achieve a sustained and full-fledged recovery of the real economy remains to be seen. In Germany which is our core market, we expect loan loss provisions to rise slightly due to lagged effects, but we see scope for compensating this in international business. In line with our policy of active and far-sighted risk management, we continue to follow the path of a forward-looking sector structure, placing even greater focus on analysing the fitness of our customers' business models for the future.

Central & Eastern Europe

The overall economic situation in Central and Eastern Europe remains difficult, but we are seeing the first signs of easing in some countries. In Poland we expect further credit growth in 2010 with good risk / return ratios due to the relatively solid economic basis overall. We also see our Russian portfolio with CB Eurasija growing slightly in 2010, but dependency on the oil price and the US dollar exchange rate has to be taken into account. In Ukraine the economic situation has shown signs of recovering in the first few months of 2010, nevertheless the market remains extreme instable. We will carry on implementing the present portfolio reorganization even in the current environment which is difficult both economically and politically.

Corporates & Markets

In a nervous environment, government economic measures taken in 2009 helped ease the situation and stimulate recovery in Financial Institutions. Irrespective of the limited time that these government special effects may last, we expect low but positive growth in 2010 and corresponding positive effects for the banking sector.

We will continue along our chosen path by further reducing concentration risk in our Financial Institutions and Corporates portfolio. Nonetheless, we still expect higher risk costs.

If the economic stabilization does not take hold, then we also expect further charges against earnings in the LAF portfolio. The critical factors in this regard are specifically risks in the automotive industry and in sectors that lag behind the general economic development.

We expect equity markets to be volatile and move sideways in 2010. Based on these overall conditions, we will continue our active and anticipatory market and liquidity risk management.

Asset Based Finance

Commercial Real Estate This risks still present in the current environment will continue to have a lingering effect on real estate markets. As a result, we forecast a substantial need for loan loss provisions in 2010.

Ship financing We do not anticipate a recovery in the coming year across any segments of the shipping markets which are notoriously difficult to predict. In the structurally crisis-ridden container sector, we do not expect to see viable conditions before 2012. We anticipate market rates in the tanker segment to remain both volatile and low but for the most part above break-even. If the global economy continues to recover, it is possible that the bulker segment will see healthy market quota levels. Overall, we assume that loan loss provisions will remain high.

Public Finance Reducing the portfolio to €100bn is still the focus of our activities. We do not expect any significant impact from loan loss provisions in 2010 and are not anticipating any defaults by OECD countries.

Portfolio Restructuring Unit

In the wake of the improvement in the last months of the liquidity in the secondary markets for ABS, the planned reduction of the ABS portfolios which have been identified as critical, could be successfully implemented. Nothwithstanding the stabilization as well as partial recovery in market prices, we cannot exclude further market value losses in relation to individual disposal transactions. We see the risk of a renewed worsening in market conditions which could occur as the result of an unexpected setback in the economic recovery of important industrial nations or as a result of events such as in Greece.

Default portfolio

From today's perspective, the default portfolio reached its peak in 2009 which means that from next year, we can continue reducing the volume successfully with a value-driven approach, as we did before the crisis began. Even if the inflow remains relatively high, in 2010 at least, recoveries will increase again noticeably in the near future. For 2010 therefore, we are expecting a net reduction in the default portfolio which should gather more pace in 2011.

Regulatory environment

The measures announced by the G20 and the Basel Committee, as well as the new regulations which have already been discussed and agreed at European level, will lead to a significant increase in capital requirements. We believe we are well positioned to meet the regulatory capital requirements with our current capital position even under more stringent regulatory conditions. We are actively monitoring the ongoing consultations and impact studies on the new regulatory requirements.

Profit and loss account of Commerzbank Aktiengesellschaft for the period from January 1 to December 31, 2009

in € m				2009	2008
Interest income from					
a) lending and money-market transactions		13,576			11,246
b) fixed-income securities and government-inscribed debt		2,395			1,652
			15,971		12,898
Interest paid			–10,671		–10,346
				5,300	**2,552**
Current income from					
a) shares and other variable-yield securities			343		595
b) investments			56		37
c) holdings in affiliated companies			380		27
				779	**659**
Income from profit-pooling and from partial or full profit-transfer agreements				**878**	**153**
Commissions received			3,546		2,150
Commissions paid			–557		–394
				2,989	**1,756**
Net expenses from financial transactions				**–705**	**–344**
Other operating income				**624**	**242**
General operating expenses					
a) personnel expenses					
aa) wages and salaries		–3,010			– 1,501
ab) compulsory social-security contributions, expenses for pensions and other employee benefits		–827			–431
of which: for pensions	–416				–205
			–3,837		–1,932
b) other administrative expenses			–3,622		–1,471
				–7,459	**–3,403**
Depreciation on and value adjustments to intangible assets and fixed assets				**–339**	**–126**
Other operating expenses				**–912**	**–237**
Write-downs on claims and certain securities and from the release of provisions in lending business				**–1,687**	**1,031**
Write-downs and value adjustments on investments, holdings in affiliated companies and securities treated as non-current assets				**–1,119**	**–1,074**
Expenses from the transfer of losses				**–2,048**	**–2,380**
Result from ordinary activities before release from the fund for general banking risks and extraordinary expenses				**–3,699**	**–1,171**
Income from release from fund for general banking risks				**705**	**–**
Extraordinary expenses				**–4,830**	**–**
Result from ordinary activities				**–7,824**	**–1,171**
Taxes on income			256		–34
Other taxes			–8		1
				248	**–33**
Net loss for the year				**–7,576**	**–1,204**
Withdrawals from capital reserve				**–6,619**	**–**
Withdrawals from revenue reserves					
a) from legal reserve			–3		–
b) from reserve for the Bank's own shares			0		–1
d) from other revenue reserves			–954		–1,204
				–957	**–1,205**
Allocation to revenue reserves					
d) to other revenue reserves			0		1
				0	**1**
Distributable profit				**–**	**–**

Balance sheet of Commerzbank Aktiengesellschaft as of December 31, 2009

Assets | in € m				31.12.2009	31.12.2008
Cash reserve					
a) cash on hand			1,259		821
b) balances with central banks			6,343		4,226
including: with Deutsche Bundesbank		3,300			3,909
				7,602	**5,047**
Debt issued by public-sector borrowers, and bills of exchange rediscountable at central banks					
treasury bills and discountable treasury notes, as well as similar debt issues by public-sector borrowers			2,140		281
including: rediscountable at Deutsche Bundesbank		1,548			0
				2,140	**281**
Claims on banks					
a) payable on demand			30,627		11,400
b) other claims			136,751		109,964
				167,378	**121,364**
Claims on customers					
including: secured by mortgages on real estate		30,932			16,052
communal loans		5,966			5,745
				207,522	**128,905**
Bonds and other fixed-income securities					
a) money-market instruments					
aa) issued by public-sector borrowers		–			24
including: rediscountable at Deutsche Bundesbank	–				24
ab) issued by other borrowers		5,005	5,005		7,426
including: rediscountable at Deutsche Bundesbank	4,233				5,016
					7,450
b) bonds and notes					
ba) issued by public-sector borrowers		12,777			4,942
including: rediscountable at Deutsche Bundesbank	11,552				4,735
bb) issued by other borrowers		61,802	74,579		45,896
including: rediscountable at Deutsche Bundesbank	34,743				31,478
					50,838
c) bonds and notes issued by Commerzbank			23,753		27,119
nominal amount €23,890m					
				103,337	**85,407**
Shares and other variable-yield securities				**11,968**	**5,750**
Investments				**819**	**538**
including: investment in banks		232			54
investment in financial-service institutions		6			3
Holdings in affiliated companies				**14,274**	**12,832**
including: in banks		955			226
in financial-service institutions		446			66
Assets held on a trust basis				**1,121**	**63**
including: loans at third-party risk		457			10
Intangible assets				**114**	**41**
Fixed assets				**966**	**374**
Bank's holding of its own shares Accounting par value: €26.00 (previous year: €21.426,60)				**0**	**0**
Other assets				**105,102**	**21,166**
Deferred items					
a) difference arising from consolidation pursuant to Art. 250, (3) of the German Commercial Code – HGB			361		133
b) other deferred items			7,490		4,532
				7,851	**4,665**
Deferred taxes further to Art. 274 (2) of the German Commercial Code – HGB				**445**	**–**
		Total Assets		**630,639**	**386,433**

Liabilities and Shareholders' Equity | in € m			31.12.2009	31.12.2008
Liabilities to banks				
a) payable on demand		67,461		30,428
b) with agreed periods or periods of notice		85,159		105,125
			152,620	**135,553**
Liabilities to customers				
a) savings deposits				
aa) with agreed period of notice of three months	5,121			7,613
ab) with agreed period of notice of more than three months	341			346
		5,462		7,959
b) other liabilities				
ba) payable on demand	121,599			44,584
bb) with agreed periods or periods of notice	89,223			87,363
		210,822		131,947
			216,284	**139,906**
Securitized liabilities				
a) bonds and notes issued		66,367		44,096
b) other securitized liabilities		19,873		14,601
			86,240	**58,697**
including:				
ba) money-market instruments	19,844			14,576
bb) own acceptances and promissory notes outstanding	12			24
Liabilities on a trust basis			**1,121**	**63**
including: loans at third-party risk	457			10
Other liabilities			**121,518**	**15,544**
Deferred items				
a) difference arising from consolidation pursuant to Art. 340e, (2) of the German Commercial Code – HGB		82		224
b) other deferred items		7,907		3,922
			7,989	**4,146**
Provisions				
a) provisions for pensions and similar commitments		3,576		1,479
b) provisions for taxation		1,038		362
c) other provisions		4,134		1,669
			8,748	**3,510**
Subordinated liabilities			**12,144**	**9,472**
Profit-sharing certificates outstanding			**1,310**	**934**
including: maturing in less than two years	603			539
Fund for general banking risks			**–**	**705**
Capital and reserves				
a) subscribed capital				
aa) share capital (conditional capital €1,222m)	3,072			1,879
ab) silent participations	18,020			8,200
		21,092		10,079
b) capital reserve		1,573		6,867
c) revenue reserves				
ca) legal reserve	–			3
cb) reserve for the Bank's own shares	0			0
cc) other revenue reserves	–			954
		0		957
d) distributable profit		–		–
			22,665	**17,903**
Liabilities and Shareholders' Equity			**630,639**	**386,433**
1. Contingent liabilities				
a) contingent liabilities from rediscounted bills of exchange credited to borrowers		3		2
b) liabilities from guarantees and indemnity agreements		38,192		29,589
			38,195	**29,591**
2. Other commitments				
a) buy back commitments from repo transactions		1		–
b) irrevocable lending commitments		71,740		47,783
			71,741	**47,783**

Notes

General information

(1) Accounting principles

The financial statements of Commerzbank AG as of December 31, 2009 have been prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch – HGB), in conjunction with the Accounting Regulation for Credit Institutions and Financial Services Institutions (RechKredV) and in accordance with the provisions of the German Stock Corporation Act (Aktiengesetz – AktG).

These financial statements consist of the profit and loss account, the balance sheet and the notes. In addition, as required by Art. 289 of the German Commercial Code (HGB), this annual report includes a management report, which can be found on pages 4 to 72.

Unless otherwise indicated, all amounts are shown in millions of euros. Rounding may give rise to differences of ± one unit in tables.

(2) Accounting and measurement policies

The cash reserve is reported at nominal value. Debt issued by public-sector borrowers is shown at present value. Claims on banks and customers are recognized at nominal value net of any provisions. Differences between cost and nominal value with interest-like characteristics are reported in accrued and deferred items and are recognized through profit or loss in net interest income over the life of the claim.

Risks in the lending business are reflected by creating both specific loan loss provisions (SLLPs) and general loan loss provisions (GLLPs) for all on-balance-sheet claims and off-balance-sheet transactions using internal parameters and models. A distinction is made between significant and non-significant exposures. Provision is also made for country risks in these calculations. The level of the provision for each individual default risk is based on the difference between the carrying amount of the claim and the net present value of the expected future cash inflows on the claim, calculated using the discounted cash flow method. General loan loss provisions are calculated using models.

Bonds and other fixed-income securities, equities and other non-fixed-income securities, delivery obligations arising from the short-selling of securities in the trading portfolio and claims on banks and customers included in the trading portfolio are measured on a portfolio basis. Securities held in the liquidity reserve are measured in accordance with the regulations for current assets using the strict lower of cost or market value approach. Securities held as financial investments are measured using the modified lower of cost or market value principle, according to which the entity has the option to value at cost or at market value (if lower) provided that the asset is not permanently impaired.

Investments in affiliated companies are carried at amortized cost, in accordance with the rules for fixed assets. If the impairment of an investment is expected to be permanent the carrying amount of the asset is written down. If the reasons for the impairment cease to apply the asset is written up, at a maximum to amortized cost.

We report expenses (write-downs and provisions) and income (write-ups) on a net basis. If the assets are held for trading purposes, the net figure is reported under net expenses from financial transactions. In the case of liquidity reserves income and expenses are reported under income from write-ups on claims and certain securities and from the release of provisions in the lending business. In the case of securities held as financial investments they are reported under write-downs and value adjustments on investments, holdings in affiliated companies and securities classified as non-current assets.

Securities lending and repurchase agreements are reported in accordance with the principles of Art. 340b of the German Commercial Code (HGB). In securities lending transactions securities lent out remain on the balance sheet while borrowed securities are not reported.

Fixed assets are measured at cost and, where subject to wear and tear, reduced by depreciation. We base our depreciation policies on the tables published by the tax authorities for the useful lives and depreciation rates for fixed assets. If an asset is permanently impaired, it is written down to the impaired value. Low-value items are accounted for in accordance with the local tax simplification rules.

Liabilities are shown at the amounts to be repaid. Differences between the repayment and the disbursement amount are reported as accrued and deferred items and recognized through profit or loss on a pro-rata basis. We recognize long-dated discounted liabilities (e.g. zero coupon bonds) at their present value.

Pension provisions are calculated on the basis of actuarial principles using a discount rate of 6%; the provision recognized is equal to the present value for tax purposes calculated using the

German entry age normal method on the basis of the Heubeck 2005 G mortality tables. Obligations under early retirement schemes are measured in accordance with tax regulations. Obligations for partial early retirement schemes are measured in accordance with the regulations of the German Commercial Code.

Provisions for taxes and other provisions are established in accordance with reasonable commercial judgement. Provisions for anticipated losses from pending transactions have been established in the balance sheet.

Derivative financial instruments are used both to hedge balance sheet items and for trading purposes. The derivative financial instruments are measured individually at the balance sheet date. Gains and losses on measurement of derivatives are netted, to the extent permissible against gains and losses on other transactions within the same valuation unit if there are offsetting losses. If a net loss results, a provision for anticipated losses from pending transactions is formed; net gains are reported under other assets.

The valuation of trading portfolios is based on the risk-adjusted mark-to-market approach applying a market risk discount and counterparty default adjustments (CDAs). The market risk discount is calculated on the basis of a value-at-risk approach approved by regulators. This specifies a maximum loss that, with a high degree of probability, will not be exceeded from these trading books over a defined period.

In the financial statements as of December 31, 2009 we have made use in the profit and loss account of the right of set-off pursuant to Art. 340c (2) HGB and Art. 340f (3) HGB.

We have brought the order in which the components of the financial statements are presented into line with international norms and have presented the profit and loss account before the balance sheet.

(3) Currency translation

Foreign currencies are translated into the reporting currency in accordance with the provisions of Art. 340h HGB. We translate items in the balance sheet and the profit and loss account denominated in foreign currencies, as well as pending spot market transactions, at the mid rate on the balance sheet date and forward foreign exchange transactions at the forward rate. Assets treated as fixed assets, especially investments and holdings in affiliated companies, which are not specifically covered by either liabilities or forward transactions in the same currency are translated at the rate prevailing on the acquisition date. The financial statements of our branches abroad which are denominated in foreign currencies are translated into the reporting currency at the spot market mid-rate on the balance sheet date. Cash holdings in foreign currency are converted at the exchange rates applicable on the balance sheet date. Pursuant to Art. 340h (2) HGB, gains and losses from currency translation are recognized through profit or loss.

(4) Changes in accounting policies

A number of mandatory regulations introduced by the German Accounting Law Modernization Act (Bilanzrechtsmodernisierungsgesetz – BilMoG) were implemented in the financial year 2009 for the first time. This did not lead to any changes in accounting policies, as it only affected certain disclosure obligations.

The recognition and measurement of derivatives in the trading book takes account of counterparty default risks for Commerzbank AG by means of counterparty default adjustments (CDAs).

In financial year 2009 Commerzbank AG has exercised its option under Art. 274 (2) HGB to recognize deferred tax assets.

We reclassified the liabilities deriving from securitization transactions with our special purpose entity TS Lago One GmbH from liabilities to customers into other liabilities.

Deferred Accrued interest for derivatives in both the banking book and trading books was previously reported under claims or liabilities. From financial year 2009 onwards they will be reported in other assets and other liabilities.

Reversals of impairments due to the unwinding of discounts over time are now reported in net interest income rather than loan loss provisions, as previously.

The assets and liabilities transferred as a result of the merger with Dresdner Bank AG are also reported in the balance sheet as of December 31, 2009 for the first time. The profit and loss account contains the income and expenses of the former Dresdner Bank AG recorded retroactively from January 1, 2009. The figures for the prior year do not contain any income and expenses or assets and liabilities of Dresdner Bank AG and as a result the financial statements of Commerzbank AG for the financial years 2008 and 2009 are not directly comparable.

Notes to the profit and loss account

(5) Revenues by geographical market

in € m	2009	2008
Europe including Germany	19,336	14,168
America	607	1,069
Asia	250	296
Africa	22	72
Total	**20,215**	**15,605**

The total figure includes the following items from the profit and loss account: interest income, current income from equities and other non-fixed-income securities, investments, holdings in affiliated companies, commissions received, net expenses from financial transactions and other operating income.

(6) Auditors' fees

We exercised the option permitted by Art. 285 (17) HGB (new version) to report the auditors' fees in the consolidated financial statements.

(7) Other operating income

Other operating income of €624m (previous year: €242m) mainly includes revenues from the reversal of provisions and reimbursement of expenses.

(8) Other operating expenses

Other operating expenses of €912m (previous year: €237m) largely comprise damages paid and additions to provisions for litigation and recourse.

(9) Exceptional expenses

The extraordinary expenses consist of a merger-related loss of €3,408m deriving from the merger with Dresdner Bank AG as well as restructuring expenses of €1,422m.

(10) Administrative and agency services

The following significant administration and agency services were performed for third parties:

- Custody account administration
- Agency services for insurance and home loan savings plans
- Portfolio management
- Fiduciary services
- Investment business
- Securities commission business
- Payment transaction services

Notes to the balance sheet

(11) Maturity profile of claims and liabilities

in € m	31.12.2009	31.12.2008
Other claims on banks	**136,751**	**109,964**
with a remaining lifetime of		
less than three months	78,211	72,704
more than three months, but less than one year	30,003	13,178
more than one year, but less than five years	25,776	21,340
more than five years	2,761	2,742
Claims on customers	**207,522**	**128,905**
with indeterminate lifetime	14,537	11,088
with a remaining lifetime of		
less than three months	63,566	37,645
more than three months, but less than one year	17,501	12,224
more than one year, but less than five years	54,483	31,005
more than five years	57,435	36,943

Of the bonds, notes and other fixed-income securities in the amount of €103,337m (previous year: €85,407m) €27,153m will fall due during the 2010 financial year.

Due to the merger with Dresdner Bank AG there were additions to other claims on banks equivalent to around 40 % of the previous year's figure. The claims on customers saw an addition roughly equal to the previous year's figure.

in € m	31.12.2009	31.12.2008
Liabilities to banks		
with agreed lifetime or period of notice	**85,159**	**105,125**
with a remaining lifetime of		
less than three months	39,235	73,148
more than three months, but less than one year	17,285	11,971
more than one year, but less than five years	14,699	7,967
more than five years	13,940	12,039
Savings deposits		
with agreed period of notice of more than three months	**341**	**346**
with a remaining lifetime of		
less than three months	51	45
more than three months, but less than one year	86	80
more than one year, but less than five years	174	190
more than five years	30	31
Other liabilities to customers		
with agreed lifetime or period of notice	**89,223**	**87,363**
with a remaining lifetime of		
less than three months	63,075	54,157
more than three months, but less than one year	10,516	14,267
more than one year, but less than five years	8,162	1,421
more than five years	7,470	17,518
Other securitized liabilities	**19,873**	**14,601**
with a remaining lifetime of		
less than three months	14,939	9,928
more than three months, but less than one year	4,930	4,672
more than one year, but less than five years	4	1
more than five years	0	0

Of the €66,367m of bonds and notes issued (previous year: €44,096m), €13,650m will fall due in the financial year 2010.

As a result of the merger with Dresdner Bank AG liabilities to banks with an agreed term or period of notice saw an addition of some 55 % of the prior-year figure. For other liabilities to customers with an agreed term or period of notice the addition was around 85 % of the prior-year figure and for other securitized liabilities around 90 %. The addition to savings deposits with an agreed period of notice of more than three months resulting from the merger was around 20 % of the prior-year figure.

(12) Securities

	Marketable		Listed on a stock exchange		Not listed	
in € m	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Bonds, notes and other fixed-income securities	101,740	82,654	74,389	56,903	27,351	25,751
Shares and other variable-yield securities	7,818	2,526	7,229	2,505	589	21
Investments	466	453	311	307	155	146
Holdings in affiliated companies	10,775	1,933	–	–	10,775	1,933

Bonds, notes and other fixed-income securities include a total of €6,356m held as financial investments as of December 31, 2009. The modified lower-of-cost-or-market principle was applied to these securities in financial year 2009 in accordance with Art. 253 (2), HGB and as a result write-downs of €27m were not recognized as there is no intention to sell these securities and the impairment is not considered to be permanent. These were securities which were held by Dresdner Bank AG as part of its financial investments. The equities and other non-fixed-income securities include various investment fund units totalling €2,959m (previous year: €1,551m) belonging to the financial investments, which may only be used to meet obligations arising from old-age pensions and partial retirementschemes for older staff.

In financial year 2009 €1,728m of securities held in the financial investments portfolio were reclassified to the liquidity portfolio.

As a result of the merger with Dresdner Bank AG there were additions to the bonds, notes and other fixed-income securities equivalent to around 60 % of the previous year's figure. Shares and other non-fixed-income securities saw an addition of roughly double the previous year's figure. The investments saw an addition of around 65 % of the prior-year figure and the holdings in affiliated companies an addition of around 30 %.

(13) Relations with affiliated companies

The table below shows the net balances of transactions with affiliated companies and equity investments:

	Affiliated companies		Investments	
in € m	**31.12.2009**	**31.12.2008**	**31.12.2009**	**31.12.2008**
Claims on banks	83,380	74,656	1,015	625
Claims on customers	11,627	6,608	1,087	58
Bonds, notes and other fixed-income securities	7,843	6,161	–	14
Liabilities to banks	21,012	16,797	25	256
Liabilities to customers	10,979	5,540	658	53
Subordinated liabilities	2,201	2,140	5	–
Securitized liabilities	1,566	761	–	–

Transactions with related companies are carried out on arm's length terms and conditions. There have not been any transactions on non-arm's length terms which the Company is obliged to report in accordance with Art. 285 (21) HGB (new version).

As the guarantor of the Financial Market Stabilization Authority, which manages the Financial Market Stabilization Fund (SoFFin), the German Federal Government holds a stake of 25 % plus one share in Commerzbank AG, which gives it the potential to exert significant influence over the Company. As a result the German Federal Government and entities controlled by it are considered related parties.

Relationships with related parties are set out in detail in Note 37 "Remuneration and loans paid to board members" and in the remuneration report.

(14) Fiduciary transactions

in € m	**31.12.2009**	**31.12.2008**
Claims on customers	457	10
Bonds and other fixed income securities	276	–
Other assets on a trust basis	336	–
Commerzbank Foundation	52	53
of which: Cash at bank – current accounts	1	3
Time deposits	–	2
Securities	50	48
Other assets	1	–
Assets on a trust basis at third-party risk	**1,121**	**63**
of which: Fiduciary loans	457	10
Liabilities to banks	293	7
Liabilities to customers	776	3
Commerzbank Foundation	52	53
of which: Equity	51	51
Liabilities	1	2
Result of Foundation	0	0
Provisions	0	–
Liabilities on a trust basis at third-party risk	**1,121**	**63**
of which: Fiduciary loans	457	10

A multiple of the prior-year figures was added to the assets and liabilities at third-party risk as a result of the merger with Dresdner Bank AG.

(15) Changes in book value of fixed assets

in € m	Intangible assets	Fixed assets	Securities held as financial investments	Invest-ments*	Holdings in affiliated companies*
Cost of acquisition / production as of 1.1.2009	**805**	**1,859**	**6,217**		
Changes in exchange rates	2	5	–161		
Additions in 2009	369	1,898	15,573		
of which: additions due to Dresdner Bank AG	281	1,734	8,946		
Disposals in 2009	42	292	11,108		
Transfers	1	15	–645		
Cost of acquisition / production as of 31.12.2009	**1,135**	**3,485**	**9,876**		
Cumulative write-downs	1,021	2,519	665		
Additions in 2009	–	120	104		
Residual book values as of 31.12.2009	**114**	**966**	**9,315**	**819**	**14,274**
Residual book values as of 31.12.2008	**41**	**374**	**6,217**	**538**	**12,832**
Write-downs in 2009	49	290	304		

* Use was made of the option to present an aggregate figure, pursuant to Art. 34 (3) RechKredV

Of the land and buildings with an overall book value of €399m (previous year: €61m) the Bank uses premises of €244m (previous year: €52m) for its own purposes. Office furniture and equipment of €567m (previous year: €313m) is included in fixed assets. For securities held as financial investments please see Note 12 "Securities".

The merger with Dresdner Bank AG resulted in additions of around double the prior-year figure to fixed assets and around 20 % of the prior-year figure to intangible assets.

(16) Other assets

Other assets of €105,102m (previous year: €21,166m) mainly include accrued interest on derivatives and premiums paid for option contracts and interest rate caps amounting to €19,567m (previous year: €9,977m). Accrued interest on derivatives has been reclassified from claims (previous year: €26,456m) to other assets. As at December 31, 2009 it amounted to €76,116m.

The merger with Dresdner Bank AG resulted in the addition to other assets of around 30 % above double the previous year's figure.

(17) Subordinated assets

in € m	31.12.2009	31.12.2008
Claims on banks	167,378	121,364
of which: subordinated	1,156	1,147
Claims on customers	207,522	128,905
of which: subordinated	312	317
Bonds and other fixed income securities		
a) of other issuers	61,802	45,896
of which: subordinated	86	647
b) own bonds	23,753	27,119
of which: subordinated	92	63
Shares and other variable-yield securities	11,968	5,750
of which: subordinated	13	9
Subordinated assets total	**1,659**	**2,183**

The merger with Dresdner Bank AG resulted in the addition of around 30 % of the previous year's figure to the subordinated assets.

(18) Repurchase agreements

The book value of the securities pledged under repurchase agreements which are recognized in the balance sheet was €45,607m (previous year: €18,752m). In addition we sold assets worth €10,000m (previous year: €21,750m) under repurchase agreements as part of open-market transactions.

The merger with Dresdner Bank AG resulted in the addition of around 35 % above the prior-year figure to assets pledged under repurchase agreements.

(19) The Bank's foreign currency position

On the balance sheet date foreign currency assets totalled €139,471m (previous year: €82,366m).

Foreign currency liabilities amounted to €139,670m (previous year: €66,922m) on the balance sheet date.

The merger with Dresdner Bank AG led to the addition of around 45 % above the previous year's figure to foreign currency assets and of around 60 % above the previous year's figure to foreign currency liabilities.

(20) Security pledged for own liabilities

Assets of matching amounts were posted as collateral for the following liabilities:

in € m	31.12.2009	31.12.2008
Liabilities to banks	72,912	52,237
Liabilities to customers	39,090	22,675
Other commitments	1	–
Total	**112,003**	**74,912**

Collateral was provided to borrow funds under securities repurchase agreements, for funds borrowed for specific purposes and in connection with open-market transactions in the Eurosystem. The figure for open-market transactions includes securities deriving from the securitization of retail mortgage lending and loans by Commerzbank AG's Mittelstandsbank segment totalling €13,856m (previous year: €12,437m). The securitizations were carried out via two special-purpose entities.

The merger with Dresdner Bank AG led to an addition of around 60 % of the previous year's figure to collateralized liabilities.

(21) Other liabilities

Other liabilities of €121,519m (previous year: €15,544m) mainly comprise accrued interest on derivatives, premiums received for option contracts and interest rate caps amounting to €23,154m (previous year: €11,019m) as well as liabilities from securitizations. Accrued interest on derivatives has been reclassified from liabilities (previous year: €28,494m) to other liabilities. As at December 31, 2009 it amounted to €77,343m.

The merger with Dresdner Bank AG resulted in around three and a half times the previous year's figure being added to other liabilities.

(22) Provisions

Other provisions were mainly created for restructuring, pending financial transactions, litigation and recourse risks, other operating expenses and issues relating to personnel. Restructuring provisions amounted to €1,126m (previous year: €116m). Of this figure, provisions of €1,067m related to the integration of Dresdner Bank AG into Commerzbank AG.

The merger with Dresdner Bank AG resulted in an addition of around 20 % above of the previous year's figure to other provisions. The restructuring provisions included in other provisions saw an addition of around 15 % of the previous year's figure.

(23) Subordinated liabilities

In the event of insolvency or winding-up, the subordinated liabilities of €12,144m (previous year: €9,472m) may only be repaid after the claims of all non-subordinated creditors have been met. There is no obligation to redeem the liability and no claim to interest payments until the claims of these creditors have been satisfied.

The obligations arising from the bonds and notes are subordinated obligations of the issuer which rank equally with all the issuer's other subordinated liabilities.

In the financial year, interest paid on subordinated liabilities amounted to €566m (previous year: €510m).

As of December 31, 2009 the following issues exceeded 10 % of the aggregate amount for this item:

Code number	Currency	Amount in m	Interest rate	Maturity date
WKN CB0789	EUR	1,250	4.125 %	13.09.2016

The creditors of the bond cannot call it for redemption, i.e. they cannot force the Bank to repay the bond before maturity. The terms and conditions for subordinated liabilities apply. Conversion into equity or another form of debt is not stipulated in the contractual agreements.

The merger with Dresdner Bank AG resulted in an addition of around 50 % of the previous year's figure to subordinated liabilities.

(24) Profit-sharing certificates outstanding

Of the profit-sharing certificates shown in the balance sheet €707m (previous year: €380m) qualified as liable equity capital as defined in Art. 10 (5), German Banking Act (Kreditwesengesetz – KWG).

Repayments of the profit-sharing certificates are subordinate to the claims of other creditors, but take priority over distributions to shareholders.

If the distributable profit is not sufficient for a distribution to be made on the profit-sharing certificates, the distribution is reduced in accordance with the applicable conditions of each profit-sharing certificate.

Under the terms of the profit-sharing certificates, the servicing of the interest and principal repayments is linked to the Bank's distributable earnings rather than whether or not it pays a dividend. In accordance with the conditions imposed by the EU and the SoFFin agreements the Bank is not permitted to release reserves or special reserves pursuant to section 340g HGB in order to service profit-related equity instruments if it reports a net loss for the year. This means that there will be no coupon payments on Commerzbank AG's profit-sharing certificates for 2009 unless it has a legal obligation to do so which does not involve releasing reserves or the special reserves pursuant to section 340g HGB. A reduction in the book value of the profit-sharing certificates was prevented by the release of reserves permitted under the SoFFin agreements.

Profit-sharing certificates outstanding as of December 31, 2009 were as follows:

31.12.2009			
Volume in € m	Interest rate	Maturing on 31.12.	
632	5.39 %	2015	Profit-sharing certificate WKN A0GVS7
320	6.38 %	2010	Profit-sharing certificate including: €10m registered profit-sharing certificate WKN 803205
150	6.38 %	2009	Profit-sharing certificate* including: €12m registered profit-sharing certificate WKN 816406
100	7.00 %	2009	Profit-sharing certificate* WKN 816407
50	7.53 %	2014	Registered profit-sharing certificate WKN 422785
25	7.56 %	2014	Registered profit-sharing certificate WKN 422720
10	7.24 %	2009	Registered profit-sharing certificate* WKN 422714
10	7.50 %	2009	Registered profit-sharing certificate* WKN 423280
8	7.24 %	2009	Registered profit-sharing certificate* WKN 422721
5	7.52 %	2009	Registered profit-sharing certificate* WKN 423289
1,310			

* Repayment on July 1, 2010.

The merger with Dresdner Bank AG resulted in around 70 % of the previous year's figure being added to the profit-sharing certificates.

(25) Equity

in €		31.12.2009		31.12.2008
Equity		**22,664,750,885.16**		**17,902,640,440.77**
a) Subscribed capital		21,091,962,034.62		10,078,638,205.60
share capital	3,071,517,607.60		1,878,638,205.60	
Silent participations	18,020,444,427.02		8,200,000,000.00	
b) Capital reserve		1,572,788,792.92		6,867,379,695.91
c) Revenue reserves		57.62		956,622,539.26
Legal reserve	–		3,067,751.29	
Reserve for treasury shares	57.62		59,659.74	
Other revenue reserves	–		953,495,128.23	
d) Distributable profit		–		–

a) Subscribed capital

The share capital of Commerzbank AG of €3,071,517,607.60 was divided as of December 31, 2009 into 1,181,352,926 no-par-value shares (notional par value per share: €2.60). The shares are issued in bearer form.

In accordance with the resolutions of the Board of Managing Directors and the Supervisory Board and its Presiding Committee dated December 10, 2008 and the authority granted in Art. 4 (6) and (8) of the version of the Articles of Association dated September 9, 2008 the share capital of Commerzbank AG has been increased by €424,999,996.20 through the issue of 163,461,537 new no-par-value shares with a notional value of €2.60 each in return for non-cash contributions. The capital increase was entered in the commercial register on January 12, 2009.

Due to the merger with Dresdner Bank AG a silent participation of €842,473,825.02 was transferred to Commerzbank AG.

On June 3, 2009 the Financial Market Stabilization Fund SoFFin and Commerzbank AG concluded a share acquisition agreement under which the Financial Market Stabilization Fund acquired 295,338,233 new no-par-value bearer shares, each representing a share of €2.60 in the Company's share capital and ranking fully for dividends, as from January 1, 2009. The new shares derive from the capital increase for cash approved by the Company's AGM on May 15-16, 2009 of €767,879,405.80, which increased the Company's share capital to €3,071,517,607.60. The new shares were issued at an issue price of €6.00 per share. Shareholders' statutory pre-emptive rights were excluded.

The silent participations by the Financial Market Stabilization Fund, represented by the Financial Market Stabilization Authority, in the amount of €8,200,000,000 on December 31, 2008 and 8,227,970,602 on June 4, 2009, have been paid in. These silent participations are based on the agreement dated December 19, 2008, combined with the supplementary agreement dated June 3, 2009, on forming a silent participation between the Financial Market Stabilization Fund, represented by the Financial Market Stabilization Authority, and Commerzbank AG.

Commerzbank AG has given an undertaking to the Financial Market Stabilization Fund, represented by the Financial Market Stabilization Authority, not to pay any dividend for the preceding year during the financial years running from January 1, 2010 to December 31, 2010. Interest of 9 % p.a. will be payable on the silent participations provided the Company reports a profit, and the silent participations have a 100 % weighting for Tier 1 capital purposes. Repayment will be at par. The interest rate on the silent participations rises in years when a dividend is paid. The additional interest to be paid in such cases is based on the total cash dividend paid out. For every full €5,906,764m of cash dividend paid, the interest rate will rise by 0.01 percentage points. The silent participations are reported separately within equity. Interest is only payable on the silent participations if the Company earns a net distributable profit. This condition was not met in 2009 and no costs were therefore incurred.

The Financial Market Stabilization Fund participates in any net loss in proportion to the ratio of the book value of the silent participation to the overall book value of all of the Company's liable capital participating in the net loss (Art. 10 (2a), (4) and (5) German Banking Act). After a reduction the silent participation will be written up again in the following financial years to its full original nominal value, provided that this does not thereby cause or increase a net loss.

Furthermore, Commerzbank AG and Allianz concluded an agreement on June 3, 2009 on the establishment of a silent partnership, on the basis of which Allianz, through a subsidiary, provided Commerzbank AG with a silent participation of €750,000,000. The silent participation comes with a profit participation consisting of fixed interest of 9 % p.a. on the nominal contribution amount plus additional dividend-linked remuneration of 0.01 % p.a. for each full €5,906,764 of cash dividends paid. Interest is only payable on the silent partnership if the Company earns a net distributable profit.

b) Capital reserve

In the capital reserve, premiums from the issue of Commerzbank AG shares are shown. Additional cash payments from the issue of conversion and option rights entitling holders to purchase Commerzbank AG shares are also recognized here. Share premiums of €1,324,534,604.72 from the capital increase carried out in January 2009 and from the share acquisition agreement concluded between the Financial Market Stabilization Fund and Commerzbank AG on June 3, 2009 were initially added to the capital reserve. €6,619,125,507.71 were subsequently withdrawn from the capital reserve to cover losses, as permitted by the SoFFin agreements.

c) Revenue reserves

in €	Total	Legal reserve	Reserve for treasury shares	Other revenue reserves
As of 31.12.2008	**956,622,539.26**	**3,067,751.29**	**59,659.74**	**953,495,128.23**
Withdrawal from legal reserve	–3,067,751.29	–3,067,751.29		
Changes in portfolio of treasury shares	–59,602.12		–59,602.12	
Addition to other revenue reserves	59,602.12			59,602.12
Withdrawal from other revenue reserves	–953,554,730.35			–953,554,730.35
As of 31.12.2009	**57.62**	**–**	**57.62**	**–**

The withdrawal from the revenue reserves was to make good the net loss for the year. With regard to the reserve for treasury shares, please refer to Note 29 “Treasury shares” for further details on treasury shares.

(26) Authorized capital

Year of resolution	Original authorized capital € m	Remaining authorized capital €	Expiring on	Pursuant to the Bank’s Articles of Association
2004	225	0.00	April 30, 2009	Art. 4 (3)
2004	225	0.00	April 30, 2009	Art. 4 (6)
2006	170	0.00	April 30, 2011	Art. 4 (7)
2006	200	0.00	April 30, 2011	Art. 4 (8)
2009	670	670,000,000.00	May 14, 2014	Art. 4 (3)
2009	460	460,000,000.00	May 14, 2014	Art. 4 (6)
2006	12	12,000,000.00	April 30, 2011	Art. 4 (7)
As of 31.12.2009	**1,962**	**1,142,000,000.00**		

The terms and conditions for capital increases from authorized capital for the individual capital items are as follows as of December 31, 2009 (cf. Commerzbank AG Articles of Association as of November 16, 2009):

Art. 4 (3) (new): The Board of Managing Directors is authorized, with the approval of the Supervisory Board, to increase the Company’s share capital by May 14, 2014, through the issue of new no-par-value shares against cash, in either one or several tranches, by a maximum of €670,000,000 (Authorized Capital 2009/I). In principle, shareholders are to be offered subscription rights; the mandatory pre-emptive right may also be granted in such manner that the new shares are underwritten by a bank or a syndicate of banks under an obligation to offer them for subscription to shareholders of Commerzbank AG. The Board of Managing Directors is authorized to exclude any fractional amounts from shareholders’ subscription rights, subject to the approval of the Supervisory Board, and to set the other terms of the capital increase and its execution.

Art. 4 (3) in the version of the Articles of Association cited last year was cancelled by resolution of the AGM on May 15-16, 2009 as it had expired.

Art. 4 (6) (new): The Board of Managing Directors is authorized, with the approval of the Supervisory Board, to increase the Company’s share capital by May 14, 2014 through the issue of new no-par-value shares for cash or non-cash contributions, in either one or several tranches, by a maximum of €460,000,000 (Authorized Capital 2009/II). In principle, shareholders are to be offered subscription rights; the mandatory pre-emptive right may also be granted in such manner that the new shares are underwritten by a bank or a syndicate of banks under an obligation to offer them for subscription to shareholders of Commerzbank AG. However, the Board of Managing Directors is authorized to exclude shareholders’ subscription rights for any fractional amounts. However, the Board of Managing Directors may, with the approval of the Supervisory Board, exclude shareholders’ subscription rights to the extent necessary to offer to the holders of conversion or option rights, either already issued or yet to be issued by Commerzbank AG or by companies in which Commerzbank AG directly or indirectly holds a majority interest (group companies as defined in Art. 18 (1) AktG), subscription rights to the extent to which they would be entitled after exercising their conversion or option rights or fulfilling their corresponding conversion obligation. The Board of Managing Directors is also authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in the event of capital increases for cash if the issue price of the new shares is not significantly lower than the market price for Company shares offering the same conditions at the time of setting the issue price. This exclusion of subscription rights in accordance with sections 203 (1) and 186 (3) 4 AktG is limited to a total of no more than 10 % of the Company's share capital. The upper limit of 10 % of share capital is reduced pro-rata for shares sold during the period of validity of Authorized Capital 2009/II which exclude shareholders' subscription pre-emptive rights in accordance with sections 71 (1) no. 8, 5 and 186 (3) 4 AktG. The upper limit is further reduced pro-rata for shares issued to service options and convertible bonds with option or conversion rights or with option or conversion obligations, provided these bonds are issued during the period of validity of Authorized Capital 2009/II and exclude subscription rights in application of section 186 (3) 4 AktG. Furthermore, the Board of Managing Directors may, subject to the approval of the Supervisory Board, exclude shareholders' pre-emptive rights where the share capital is increased for the purpose of acquiring companies, parts of companies or interests in companies for non-cash contributions. The Board of Managing Directors is authorized to specify the other details of the capital increase and its execution.

In financial year 2009, the authorization resolved by the Annual General Meeting on May 12, 2004 (Art. 4(6) of the Articles of Association of Commerzbank AG in the version of September 9, 2008) to increase the share capital by issuing new no-par-value shares for cash was partially utilized to increase authorized capital by €224,999,998.60. Art. 4 (6) in the version of the Articles of Association cited last year was cancelled by resolution of the AGM on May 15–16, 2009 as it had expired and the capital authorized by it had been almost fully utilized, with only €1.40 remaining.

Art. 4 (7) (new): The Board of Managing Directors is authorized, with the approval of the Supervisory Board, to increase the Company's share capital by April 30, 2011 through the issue of new no-par-value shares for cash, in either one or several tranches, by a maximum of €12,000,000 (authorized capital 2006/III) and to exclude shareholders' subscription rights for the purpose of issuing shares to employees of Commerzbank AG and companies in which Commerzbank AG directly or indirectly holds a majority interest (group companies as defined in Art. 18 (1), AktG).

Art. 4 (7) in the version of the Articles of Association cited last year was cancelled by resolution of the AGM on May 15-16, 2009 as the capital authorization had become inoperative due to having been almost completely utilized, with only €1.00 remaining.

Art. 4 (8) (old): In financial year 2009, the authorization resolved by the Annual General Meeting on May 17, 2006 (Art. 4(8) of the Articles of Association of Commerzbank AG in the version of September 9, 2008) to increase the share capital by issuing new no-par-value shares for cash was partially utilized to increase authorized capital by €199,999,997.60. Art. 4 (8) in the version of the Articles of Association cited last year was revoked by resolution of the AGM on May 15-16, 2009 as the capital authorization had become inoperative due to having been almost completely utilized, with only €2.40 remaining.

in €	31.12.2008				31.12.2009
	Remaining authorized capital	Added in financial year	Used in financial year	Expired in financial year	Remaining authorized capital
Total	**662,000,001.00**	**1,130,000,000.00**	**424,999,996.20**	**225,000,004.80**	**1,142,000,000.00**

(27) Conditional capital

in €	Conditional capital 31.12.2008	Added in financial year	Expired in financial year	Conditional capital* 31.12.2009	of which used conditional capital	of which available lines
Total	**832,000,000**	**390,000,000**	**–**	**1,222,000,000**	**–**	**1,222,000,000**

*cf. Art. 4 (8) of the Articles of Association of Commerzbank AG

The conditions for capital increases from conditional capital for the individual capital items are as follows as of December 31, 2009 (cf. Commerzbank AG Articles of Association as of November 16, 2009):

Art. 4 (4): As resolved by the AGM of May 15, 2008, the Bank's share capital has been conditionally increased by up to €416,000,000.00 divided into 160,000,000 no-par-value bearer shares (Conditional Capital 2008/I). The conditional capital increase will only be carried out to the extent that holders/creditors of convertible bonds, convertible profit-sharing certificates or warrants attached to bonds or profit-sharing certificates issued or guaranteed up to May 14, 2013 by Commerzbank AG or by companies in which Commerzbank AG directly or indirectly holds a majority interest (group companies as defined in Art. 18 (1) AktG) on the basis of the AGM's authorization of May 15, 2008 (Authorization 2008/I) exercise their conversion or option rights or meet their related obligation to exercise their conversion rights and to the extent that the conditional capital is required under the terms and conditions of the bonds or profit-sharing rights (with conversion or option rights).

Art. 4 (5): As resolved by the AGM of May 15, 2008, the Bank's share capital has been conditionally increased by up to €416,000,000.00 divided into 160,000,000 no-par-value bearer shares (Conditional Capital 2008/II). The conditional capital increase will only be carried out to the extent that holders/creditors of convertible bonds, convertible profit-sharing certificates or warrants attached to bonds or profit-sharing certificates issued or guaranteed up to May 14, 2013 by Commerzbank AG or by companies in which Commerzbank AG directly or indirectly holds a majority interest (group companies as defined in Art. 18 (1) AktG) on the basis of the AGM's authorization of May 15, 2008 (Authorization 2008/II) exercise their conversion or option rights or meet their related obligation to exercise their conversion rights and to the extent that the conditional capital is required under the terms and conditions of the bonds or profit-sharing rights (with conversion or option rights).

Art. 4 (8): As resolved by the AGM in May 2009, the Bank's share capital shall be conditionally increased by up to €390,000,000 divided into 150,000,000 no-par-value bearer shares (Conditional Capital 2009). The conditional capital increase is to enable the issuance of shares in the event of the exercise of conversion rights granted to the Financial Market Stabilization Fund SoFFin, established under the German Financial Market Stabilization Act and represented by the Financial market Stabilization Authority, as silent partner in the Company. The conditional capital increase will only be carried out to the extent that SoFFin exercises these conversion rights.

(28) Significant shareholder voting rights

The Bank had received the following notices under Art. 21, German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) prior to the preparation of the financial statements:

Company required to report	Seat	held directly	indirectly	Total	Report date
Allianz SE	Munich	–	12.23 %	12.23 %	21.08.2009
Generali Beteiligungs-GmbH	Aachen	–	4.84 %	4.84 %	07.07.2009
Federal Republic of Germany (Financial Market Stabilization Fund)	Berlin	25.00 %	–	25.00 %	05.06.2009

The share of voting rights held by the Federal Republic of Germany via the Financial Market Stabilization Fund is 25 % plus one share.

(29) Treasury shares

	Number of shares* in units	Accounting par value in €1,000	Percentage of share capital
Portfolio on 31.12.2009	10	0	0.00
Largest total acquired during the financial year	9,764,440	25,388	0.83
Shares pledged by customers as collateral as at 31.12.2009	10,694,721	27,806	0.91
Shares acquired during the financial year	300,705,792	781,835	–
Shares disposed of during the financial year	300,714,023	781,856	–

* notional par value per share €2.60

The Annual General Meeting on May 15-16, 2009 authorized Commerzbank AG, pursuant to Art. 71 (1) no. 7, AktG, to purchase and sell the Bank's shares for the purpose of securities trading. These authorizations expire on October 31, 2010. The aggregate amount of shares acquired for this purpose shall not exceed 5 % of the share capital of Commerzbank AG at the end of any given day.

Together with the Bank's own shares purchased for other reasons which are held by Commerzbank AG or are attributable to it pursuant to Art. 71 a ff. AktG, the shares purchased on the basis of this authorization may at no time exceed 10 % of the share capital of Commerzbank AG.

The lowest price at which the Bank may buy its shares may not be more than 10 % lower than the mean value for the share price (closing auction prices or similar successor prices for the Commerzbank share in XETRA trading or a similar successor system to the XETRA system on the Frankfurt Stock Exchange) on the last three trading days prior to the purchase; the highest price at which the Bank may buy its own shares may not be more than 10 % higher than this level.

The average purchase price in the past financial year was €9.35 (previous year: €9.31) and the average selling price was €9.34 (previous year: €9.32). The gain or loss from the above transactions was recognized through profit or loss in the financial year.

A reserve of €57.62 (previous year: €59,659.74) was established for treasury shares held by the bank at the year-end.

The Board of Managing Directors may decide whether the purchase is effected on the stock exchange, by means of a public offer to all shareholders or by means of an invitation to all shareholders to submit an offer to sell.

The Bank has given an undertaking to the Financial Market Stabilization Fund SoFFin, represented by the Financial Market Stabilization Authority, that neither it nor any of its affiliated companies will buy back shares or other components of its liable equity capital (except as specified under Art. 71 (1) nos. 2, 4 (purchase on behalf of another party), no. 7 or no. 8 AktG)).

Other notes

(30) Contingent liabilities

in € m	31.12.2009	31.12.2008
a) Contingent liabilities from bills of exchange credited to borrowers	3	2
b) Liabilities from guarantees and indemnity agreements	38,192	29,589
of which: Credit guarantees	2,105	2,884
Other guarantees	28,979	19,491
Letters of credit	7,108	7,214
Total	**38,195**	**29,591**

The merger with Dresdner Bank AG led to an addition of around 55 % of the previous year's figure for contingent liabilities.

(31) Other commitments

in € m	31.12.2009	31.12.2008
a) Buy back commitments from repo transactions	1	–
c) Irrevocable lending commitments	71,740	47,783
Book credits to customers	53,890	30,743
Book credits to banks	14,703	15,465
Credit guarantees/other guarantees/letters of credit	3,147	1,575
Total	**71,741**	**47,783**

The merger with Dresdner Bank AG led to an addition of around 75 % of the previous year's figure for other commitments.

(32) Other financial commitments

On December 31, 2009, commitments arising from rental and leasing agreements for subsequent years amounted to €3,391m (previous year: €2,352m), of which €1,394m (previous year: €1,175m) related to affiliated companies.

Liabilities to pay in capital for shares, shares in private limited companies and other interests amounted to €62m (previous year: €0.4m).

Due to our participation in Liquiditäts-Konsortialbank GmbH, Frankfurt am Main, the "lifeboat" institution of the German banking industry, the Bank has an additional funding obligation of €96m (previous year: €38m) in accordance with Art. 26 of the German Limited Liability Companies Act (GmbH-Gesetz). There is also a guarantee obligation of €135m (previous year: €135m).

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

The merger with Dresdner Bank AG led to an addition of around 80 % of the previous year's figure to the commitments arising from rental and leasing agreements. In the case of liabilities to pay in capital for shares, shares in private limited companies and other interests the amount added as a result of the merger was a multiple of the previous year's figure; for the additional funding obligations arising from the participation in Liquiditäts-Konsortialbank GmbH, Frankfurt the addition amounted to around one and a half times the previous year's figure.

(33) Off-balance-sheet transactions

Commerzbank AG carries out securities lending transactions with the aim of ensuring that its securities trading operations are able to meet delivery obligations, to cover short positions and to generate income from lending securities held in our portfolio. Borrowed securities are not reported in the balance sheet, but securities which are lent continue to be reported. The risk of these transactions consists in the settlement risk. It can be defined as the difference between the market value of the underlying securities and the value of the collateral that we have provided to others or which has been provided to us. A key benefit for Commerzbank AG is the additional income generated by lending our securities holdings. At the balance sheet date securities to the value of €11,554m had been loaned and securities to the value of €17,189m had been borrowed.

Commerzbank AG arranges securitizations of in-house receivables as well as of customers' receivables portfolios. The transactions may be intended to procure liquidity or to tap new sources of funding for the customer or Commerzbank AG. Securitizations of in-house receivables may lead to receivables portfolios being derecognized from Commerzbank AG's balance sheet.

Commerzbank AG has a financial risk from the liquidity facilities and back-up credit lines provided to the securitization vehicles and / or from the securitized paper held by these vehicles. The liquidity or back-up lines may be drawn down if the risks relating to the underlying financial instruments increase and the securitized paper can no longer be sold on the market as planned.

(34) Letter of comfort

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

Name	Registered office
AFÖG GmbH & Co. KG	Frankfurt am Main
BRE Bank Hipoteczny SA	Warsaw
BRE Bank SA	Warsaw
BRE Leasing Sp. z o.o.	Warsaw
comdirect bank Aktiengesellschaft	Quickborn
Commerz (East Asia) Ltd.	Hong Kong
Commerzbank (Eurasija) SAO	Moscow
Commerzbank (South East Asia) Ltd.	Singapore
Commerzbank Capital Markets Corporation	New York
Commerzbank Europe (Ireland)	Dublin
Commerzbank Europe Finance (Ireland) plc.	Dublin
Commerzbank Inlandsbanken Holding GmbH	Frankfurt am Main
Commerzbank International S.A.	Luxembourg
CommerzTrust GmbH	Frankfurt am Main
Dresdner Kleinwort Securities LLC	New York
Erste Europäische Pfandbrief- und Kommunalkreditbank Aktiengesellschaft in Luxemburg	Luxembourg
Eurohypo Aktiengesellschaft	Eschborn

Where Dresdner Bank AG provided letters of comfort in the past, only those which are expressly included in the above list have been continued.

(35) Forward transactions

31.12.2009	Nominal amount Remaining lifetimes				Fair value	
in Mio €	under one year	one to five years	more than five years	total	positive	negative
Foreign-currency-based forward transactions						
OTC products						
Foreign-exchange forward contracts	381,945	28,941	669	411,555	6,115	6,674
Interest-rate and currency swaps	81,505	142,121	76,886	300,512	7,664	7,058
Currency call options	56,768	17,757	5,458	79,983	3,336	0
Currency put options	59,930	19,374	3,656	82,960	0	2,630
Other foreign-exchange contracts	1,705	248	1,820	3,773	256	186
Products traded on a stock exchange						
Currency futures	63	–	–	63	–	–
Currency options	–	–	–	–	–	–
Total	**581,916**	**208,441**	**88,489**	**878,846**	**17,371**	**16,548**
Interest-based forward transactions						
OTC products						
Forward-rate agreements	751,267	1,431	–	752,698	382	387
Interest-rate swaps (same currency)	2,125,270	3,957,078	3,652,295	9,734,643	285,926	282,308
Interest-rate call options	34,271	63,003	55,882	153,156	4,823	–
Interest-rate put options	42,285	68,480	81,430	192,195	–	6,708
Structured interest-rate products	5,515	7,363	1,673	14,551	607	572
Products traded on a stock exchange						
Interest-rate futures	184,522	8,122	1,068	193,712	–	–
Interest-rate options	64,732	291	387	65,410	–	–
Total	**3,207,862**	**4,105,768**	**3,792,735**	**11,106,365**	**291,738**	**289,975**
Other forward transactions						
OTC products						
Structured equity/index products	17,635	14,547	2,741	34,923	1,050	1,925
Equity call options	28,111	11,898	1,639	41,648	5,930	–
Equity put options	31,965	18,134	2,532	52,631	–	5,744
Credit derivatives	89,110	400,705	65,129	554,944	10,462	11,872
Precious metal contracts	2,011	2,097	–	4,108	60	313
Other transactions	1,022	1,570	59	2,651	548	607
Products traded on a stock exchange						
Equity futures	6,296	–	–	6,296	–	–
Equity options	88,322	53,495	2,141	143,958	–	–
Other futures	3,795	1,306	–	5,101	–	–
Other options	6,331	4,249	–	10,580	–	–
Total	**274,598**	**508,001**	**74,241**	**856,840**	**18,050**	**20,461**
Total pending forward transactions						
OTC products	3,710,315	4,754,747	3,951,869	12,416,931	327,159	326,984
Products traded on a stock exchange	354,061	67,463	3,596	425,120	–	–
Total	**4,064,376**	**4,822,210**	**3,955,465**	**12,842,051**	**327,159**	**326,984**

The fair values of derivative financial instruments are derived, among other factors, from interest rates and indices, as well as equity prices and currency rates. The fair values of the derivatives we report are determined by prices on an active market. If market prices are not available, the fair values are calculated using various mark-to-market measurement methods. Both the choice of measurement method and the selected influencing parameters depend on the individual product.

The fair values of forwards and swaps are calculated by means of the net present value method using discount factors derived from the yield curve of the relevant currency.

Plain vanilla and digital options are priced using the Black-Scholes model. In the case of exotic options, such as those with a path-dependent payoff, multinomial trees and Monte Carlo models are used as valuation methods. For the volatilities used in measuring options, volatility surfaces are calculated from volatilities quoted on the market, wherever these are available. If it is not possible to calculate such volatilities because – for example – not enough issues are quoted on the market, the historical volatility is calculated instead. Monte Carlo simulation is also used for structured transactions.

The positive and negative present values of exchange-traded derivatives amounted to €9,830m (previous year: €6,984m) and €–11,051m (previous year: €–8,079m) respectively. They comprise €375m/€–468m for interest-rate transactions; €8,844m/€–10,008m for equity transactions, €1m/€–2m for foreign currency transactions and €610m/€–573m for transactions with other price risks.

(36) The Bank's staff

On average, we employed 42,382 people (previous year: 23,686) last year, who were deployed as follows:

		Total		Male		Female	
		FT	WT	FT	WT	FT	WT
AG in Germany	2009	35,961	39,544	19,333	19,910	16,628	19,634
	2008	19,710	21,491	10,465	10,650	9,245	10,841
AG abroad	2009	2,773	2,838	1,851	1,894	922	944
	2008	2,139	2,195	1,433	1,471	706	724
AG total	2009	38,734	42,382	21,184	21,804	17,550	20,578
	2008	21,849	23,686	11,898	12,121	9,951	11,565

The figures for full-time equivalent (FT) staff include part-time personnel on the basis of the hours actually worked. The average hours worked by part-time staff is 60 % (previous year: 60 %) of the standard working time. The figures for the workforce count all part-time staff on an absolute basis. Trainees are not included in the staff numbers.

		Total	Male	Female
Trainees	2009	2,265	1,004	1,261
	2008	1,293	571	722

The merger with Dresdner Bank AG resulted in the addition of around 85 % of the previous year's figure to the average staff numbers for the year.

(37) Remuneration of and loans extended to Board Members

A detailed description of the principles of the remuneration system for the members of the Board of Managing Directors and members of the Supervisory Board is provided in the remuneration report. This forms part of the management report and appears on pages 15 ff. The total remuneration for the members of the Board of Managing Directors and the Supervisory Board was as follows:

in € 1,000	31.12.2009	31.12.2008
Board of Managing Directors	5,877	12,207
Supervisory Board	1,974	1,962

Total remuneration for the Board of Managing Directors includes standard non-monetary benefits (chiefly use of company cars, insurance and the tax and social security payments due on these benefits).

The table below shows the remuneration in the form of basic salary, variable remuneration, remuneration for serving on the boards of consolidated companies included in the consolidated financial statements of Commerzbank AG, pay-outs from share-based compensation plans (Long Term Performance Plans – LTPs) and other remuneration of the individual members of the Board of Managing Directors.

Amounts in € 1,000		Basic salary	Variable remuneration[3]	Remuneration for serving on boards	Reduction further to SoFFin requirement[4]	Payouts of share-based remuneration plans[5]	Other[6]	**Total[7]**
Martin Blessing	2009	500	–	–	–	–	72	572
	2008	500	–	43	–	100	86	729
Klaus-Peter Müller	2009[2]	–	–	–	–	–	–	–
	2008[1]	317	–	119	–	200	35	671
Frank Annuscheit	2009	480	–	23	–3	–	45	545
	2008	480	–	23	–	40	51	594
Markus Beumer	2009	480	–	19	–	–	110	609
	2008	480	–	18	–	–	365	863
Wolfgang Hartmann	2009[1]	200	–	–	–	–	32	232
	2008	480	–	77	–	100	112	769
Dr. Achim Kassow	2009	480	–	232	–212	–	64	564
	2008	480	–	246	–	100	277	1,103
Jochen Klösges	2009[1]	280	–	–	–	–	18	298
	2008[2]	–	–	–	–	–	–	–
Bernd Knobloch	2009[2]	–	–	–	–	–	1,113	1,113
	2008[1]	360	–	20	–	615	4,137	5,132
Michael Reuther	2009	480	–	–	–	–	75	555
	2008	480	–	78	–	–	71	629
Dr. Stefan Schmittmann	2009	480	–	7	–	–	55	542
	2008[1]	80	–	8	–	–	7	95
Ulrich Sieber	2009[1]	280	–	–	–	–	28	308
	2008[2]	–	–	–	–	–	–	–
Dr. Eric Strutz	2009	480	–	48	–28	–	39	539
	2008	480	–	95	–	100	41	716
Nicholas Teller	2009[2]	–	–	–	–	–	–	–
	2008[1]	200	–	14	–	100	592	906
Total	**2009**	**4,140**	**–**	**329**	**–243**	**–**	**1,651**	**5,877**
	2008	**4,337**	**–**	**741**	**–**	**1,355**	**5,774**	**12,207**

[1] Pro rata temporis from the date of appointment or, as the case may be, up to the date of departure from the Board.
[2] Not members of the Board during the years shown.
[3] Payable in the following year subject to approval of the annual financial statements. Due to the Bank's results no variable remuneration was paid for 2008 and 2009.
[4] Owing to the participation of the Financial Market Stabilization Fund (SoFFin), the maximum limit for the remuneration of all members of the Board of Managing Directors active on the reporting date in 2008 and 2009 is €500,000.
[5] No LTP was paid out during the financial year 2009. The LTP for 2005 was paid out in 2008.
[6] The heading Other includes non-monetary benefits granted in the year under review. Mr Knobloch received €1,113,000 in the year under review and €4,040,000 in 2008 and Mr Teller €548,000 in 2008, which was promised to them under their severance agreements. Messrs. Beumer and Kassow were reimbursed costs for the installation of security equipment in the previous year and Mr. Beumer was also reimbursed the costs of moving house.
[7] In the financial year 2009 a total of €59,000 less was charged to the income statement than is shown in the total remuneration figure. This shortfall related to remuneration for serving on boards and payouts of share-based remuneration plans.

The active members of the Board of Managing Directors have participated in the long-term performance plans which are described in detail in the remuneration report and represent a share-based form of compensation. In order to participate in the various plans, the members of the Board of Managing Directors have invested in up to 2,500 Commerzbank AG shares at their individual discretion, the chairman in up to 5,000 shares, per plan at current market prices.

The following table shows the number of shares per individual active member of the Board and per respective LTP as well as the fair values at the time the share-based payment was granted and their fair values at the valuation date of December 31, 2009. Provisions have been formed pro-rata for possible future payment obligations to board members on the basis of the fair values as of December 31, 2009. The members of the Board of Managing Directors renounced all the shares acquired under the 2008 LTP in February 2009 and will therefore not receive any payments from this plan. In 2009, the members of the Board of Managing Directors also did not receive payments from any other LTPs. Provisions of €32,000 for LTPs were reversed in the financial year 2009.

Current long-term performance plans

	LTP	Number of participating shares	Attributable fair value in €1,000 when the shares were granted	as of 31.12.2009	Pro rata provisions as of 31.12.2009
Martin Blessing	2008	–	–	–	–
	2007	2,500	79	4	2.2
	2006	2,500	87	–	–
Frank Annuscheit	2008	–	–	–	–
	2007	1,200	38	2	1.1
	2006	1,200	42	–	–
Markus Beumer	2008	–	–	–	–
	2007	–	–	–	–
	2006	–	–	–	–
Dr. Achim Kassow	2008	–	–	–	–
	2007	2,500	79	4	2.2
	2006	2,500	87	–	–
Jochen Klösges	2008	–	–	–	–
	2007	–	–	–	–
	2006	–	–	–	–
Michael Reuther	2008	–	–	–	–
	2007	2,500	79	4	2.2
	2006	–	–	–	–
Dr. Stefan Schmittmann	2008	–	–	–	–
	2007	–	–	–	–
	2006	–	–	–	–
Ulrich Sieber	2008	–	–	–	–
	2007	–	–	–	–
	2006	–	–	–	–
Dr. Eric Strutz	2008	–	–	–	–
	2007	2,500	79	4	2.2
	2006	2,500	87	–	–
Sum	**2008**	**–**	**–**	**–**	**–**
	2007	**11,200**	**354**	**18**	**9.9**
	2006	**8,700**	**303**	**–**	**–**
Total 2009		**19,900**	**657**	**18**	**9.9**
Total 2008		**44,900**	**1,518**	**231**	**41.5**

The potential remuneration stemming from participation in the 2006 and 2007 LTPs could differ considerably from the figures shown in the table above or could even be zero as the final payout amounts are not fixed until the end of the term of each LTP (the conditions for payout are set out in the remuneration report).

Payments to former members of the Board of Managing Directors and their surviving dependents amounted to €7,677 thousand in the financial year 2009 (previous year: €6,533 thousand).

The assets backing the Bank's retirement benefit plan for present and former members of the Board of Managing Directors and their surviving dependants have been transferred to Commerzbank Pensions-Trust e.V. under a contractual trust agreement.

As at December 31, 2009 the pension obligations for active members of the Board of Managing Directors amounted to €7.2m (previous year: €8.7m) and for former members of the Board of Managing Directors or their surviving dependants to €62.7m (previous year: €60.3m). Commerzbank AG has provided for these pension obligations in full.

We refer to the section headed Other Regulations in the remuneration report for information on regulations for payments stemming from the termination of employment for active members of the Board of Managing Directors.

Remuneration for the members of the Supervisory Board is regulated in Art. 15 of the Articles of Association of Commerzbank AG. Members of the Supervisory Board received net remuneration for financial year 2009 of €1,681,000 (previous year: €1,677,000). Of this figure, the basic remuneration and remuneration for serving on committees amounted to €1,240,000 (previous year: €1,240,000) and attendance fees to €441,000 (previous year: €437,000). Attendance fees are for participating in the meetings of the Supervisory Board and its six committees (Presiding, Audit, Risk, Nomination, Conciliation and Social Welfare Committees) which met in the year under review. VAT of €293,000 (previous year: €285,000) payable on the remuneration of the members of the Supervisory Board is reimbursed by Commerzbank AG. Accordingly the total remuneration of the members of the Supervisory Board amounted to €1,974,000 (previous year: €1,962,000).

All told, the Board of Managing Directors and Supervisory Board held no more than 1 % (previous year: under 1 %) of the issued shares and option rights of Commerzbank AG on December 31, 2009.

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

	1.1.2009 € 1,000	Additions in 2009	Disposals in 2009	Changes in the group of people	31.12.2009 € 1,000
Board of Managing Directors	2,350	971	2,137	1,120	2,304
Supervisory Board	234	358	15	0	577
Sum	**2,584**	**1,329**	**2,152**	**1,120**	**2,881**

Members of the Board of Managing Directors have been granted cash advances and loans with lifetimes ranging from on demand up to a due date of 2038 and at interest rates ranging between 3.2 % and 8.1 %. Collateral security is provided on normal market terms, if necessary through land charges or rights of lien.

The loans and advances to members of the Supervisory Board – including those to employee representatives on this body – were granted with terms ranging from on demand up to a due date of 2039 and at interest rates ranging between 4.7 % and 6.3 %, and in selected instances overdrafts at rates up to 10.0 %. In line with market conditions, some loans were granted without collateral, e.g. against land charges or rights of lien.

(38) Corporate Governance Code

We have issued our declaration of compliance with the German Corporate Governance Code pursuant to Art. 161, German Stock Corporation Act – AktG. It forms part of the declaration on corporate governance in the management report and was also published on the internet on December 15, 2009 (www.commerzbank.de).

(39) Holdings in affiliated and other companies

A full list of all holdings of Commerzbank AG is published as part of the notes in the electronic Federal Gazette (elektronischer Bundesanzeiger) and can be accessed in the electronic company register. Commerzbank AG is the parent company of Commerzbank Group and prepares the consolidated financial statements. All information is also published on our website at www.commerzbank.com.

(40) Seats on supervisory boards and similar bodies

Members of the Board of Managing Directors of Commerzbank AG

Information pursuant to Art. 285, no. 10, of the German Commercial Code (HGB)
As of 31.12.2009

a) Seats on mandatory supervisory boards
b) Seats on similar bodies

Martin Blessing

./.

Frank Annuscheit

a) **within Commerzbank Group:**
comdirect bank AG

Markus Beumer

a) **within Commerzbank Group:**
Commerz Real AG

Dr. Achim Kassow

a) Generali Deutschland Holding AG*
within Commerzbank Group:
comdirect bank AG
Chairman
Commerzbank Auslandsbanken Holding AG
Chairman

b) Allianz Global Investors Deutschland GmbH
within Commerzbank Group:
BRE Bank SA

Jochen Klösges

a) **within Commerzbank Group:**
Commerz Real AG
Chairman
Commerz Real Investmentgesellschaft mbH
Chairman
Deutsche Schiffsbank AG
Chairman
Eurohypo AG
Chairman

b) **within Commerzbank Group:**
Commerzbank Auslandsbanken Holding Nova GmbH
Commerzbank Inlandsbanken Holding GmbH
Deputy Chairman

Michael Reuther

a) **within Commerzbank Group:**
Eurohypo AG

b) **within Commerzbank Group:**
Commerzbank Capital Markets Corporation

Dr. Stefan Schmittmann

a) Schaltbau Holding AG*
Verlagsgruppe Weltbild GmbH
within Commerzbank Group:
Commerz Real AG
Deputy Chairman
Commerzbank Auslandsbanken Holding AG
Eurohypo AG

b) KG Allgemeine Leasing GmbH & Co.
Chairman
within Commerzbank Group:
BRE Bank

Ulrich Sieber

a) BVV Pensionsfonds AG

b) SWAB Stiftung der Deutschen Wirtschaft für Arbeit und Beschäftigung GmbH

* Listed company outside group (pursuant to no. 5.4.5, German Corporate Governance Code).

Dr. Eric Strutz

a) ABB AG

RWE Power AG

within Commerzbank Group:

Commerzbank Auslandsbanken Holding AG
Deputy Chairman

b) Mediobanca – Banca di Credito Finanziario S.p.A.*

SdB-Sicherungseinrichtungsgesellschaft deutscher Banken mbH

Verlagsbeteiligungs- und Verwaltungsgesellschaft mbH

within Commerzbank Group:

Commerzbank Auslandsbanken Holding Nova GmbH
Chairman

Commerzbank Inlandsbanken Holding GmbH
Chairman

Former members of the Board of Managing Directors

Wolfgang Hartmann

a) **within Commerzbank Group:**

Eurohypo AG
(until May 31, 2009)

Members of the Supervisory Board of Commerzbank AG

Information pursuant to Art. 285, no. 10, of the German Commercial Code (HGB)
As of 31.12.2009

a) Seats on other mandatory supervisory boards
b) Seats on similar bodies

Klaus-Peter Müller

a) Fraport AG*

Fresenius SE*

Linde AG*

b) Assicurazioni Generali S.p.A.*

Landwirtschaftliche Rentenbank

Parker Hannifin Corporation*

Uwe Tschäge

./.

Hans-Hermann Altenschmidt

b) BVV Pensionsfonds

BVV Pensionskasse

BVV Unterstützungskasse

Dott. Sergio Balbinot

a) Deutsche Vermögensberatung AG

within group:

AachenMünchener Lebensversicherung AG

AachenMünchener Versicherung AG

Generali Deutschland Holding AG

b) **within group:**

Banco Vitalicio de España, C.A. de Seguros y Réaseguros

Europ Assistance Holding

Future Generali India Insurance Co. Ltd.

Future Generali India Life Insurance Co. Ltd.

Generali Asia N.V.

Generali China Insurance Company Ltd.
Deputy Chairman

Generali China Life Insurance Co. Ltd.
Deputy Chairman

Generali España, Holding de Entidades de Seguros, S.A.
Deputy Chairman

Generali Finance B.V.

Generali France S.A.
Deputy Chairman

Generali Holding Vienna AG
Deputy Chairman

Generali Investments SpA

Generali (Schweiz) Holding
Deputy Chairman

Generali PPF Holding BV
Deputy Chairman

La Centrale Finanziaria Generale S.p.A.

La Estrella S.A.

Migdal Insurance & Financial Holdings Ltd.

Participatie Maatschappij Graafschap Holland N.V.

Transocean Holding Corporation

* Listed company outside group (pursuant to no. 5.4.5, German Corporate Governance Code).

Dr.-Ing. Burckhard Bergmann

a) Allianz Lebensversicherungs-AG
Deputy Chairman

E.ON Energie AG

b) OAO Gazprom

Nord Stream AG

OAO Novatek

Telenor

Accumulatorenwerke Hoppecke Carl Zoellner & Sohn GmbH

Jaeger Beteiligungsgesellschaft mbH & Co. KG
Chairman

Herbert Bludau-Hoffmann

./.

Dr. Nikolaus von Bomhard

a) **within group:**

ERGO Versicherungsgruppe AG
Chairman

Munich Health Holding AG
Chairman

b) UniCredit S.p.A.
(since April 29, 2009)

Karin van Brummelen

./.

Astrid Evers

./.

Uwe Foullong

./.

Daniel Hampel

./.

Dr.-Ing. Otto Happel

./.

Sonja Kasischke

./.

Prof. Dr.-Ing. Dr.-Ing. E.h. Hans-Peter Keitel

a) Hochtief AG

National-Bank AG

b) EQT Infrastructure Limited

RAG Stiftung

Alexandra Krieger

./.

Dr. Edgar Meister

./.

Prof. h.c. (CHN) Dr. rer. oec. Ulrich Middelmann

a) Deutsche Telekom AG*

E.ON Ruhrgas AG

LANXESS AG*

LANXESS Deutschland GmbH

within group:

ThyssenKrupp Elevator AG
Chairman
(until September 16, 2009)

ThyssenKrupp Marine Systems AG
(since October 1, 2009)

ThyssenKrupp Materials International GmbH
(since October 1, 2009)

ThyssenKrupp Nirosta GmbH
(formerly ThyssenKrupp Stainless AG
Chairman (until September 6, 2009)

ThyssenKrupp Reinsurance AG
Chairman (until April 3, 2009)

ThyssenKrupp Steel Europe AG
(formerly ThyssenKrupp Steel AG)

b) Hoberg & Driesch GmbH
Chairman

within group:

ThyssenKrupp Acciai Speciali Terni S.p.A.

ThyssenKrupp (China) Ltd.

ThyssenKrupp Risk and Insurance Services GmbH
Chairman (until April 3, 2009)

Dr. Helmut Perlet

a) Allianz Deutschland AG*

Allianz Global Corporate & Specialty AG
Deputy Chairman
(until August 31, 2009)

Allianz Global Investors AG
(until September 15, 2009)

Allianz Investment Management SE
Deputy Chairman
(until September 9, 2009)

Dresdner Bank AG
(until January 12, 2009)

GEA GROUP AG

b) Allianz Life Insurance Company of North America

Fireman's Fund Ins. Co.

Allianz of America Inc.

Allianz S.p.A.

Allianz France S.A.

Barbara Priester

./.

Dr. Marcus Schenck

a) **within group:**

E.ON Ruhrgas AG

b) **within group:**

E.ON IS GmbH

E.ON Energy Trading

* Listed company outside group (pursuant to no. 5.4.5, German Corporate Governance Code).

Former members of the Supervisory Board

Friedrich Lürßen

a) Atlas Elektronik GmbH

b) Finanzholding der Sparkasse in Bremen
Deputy Chairman

MTG Marinetechnik GmbH
Chairman

Klaus Müller-Gebel

a) comdirect bank AG
Deputy Chairman

Deutsche Schiffsbank AG
Deputy Chairman

Eurohypo AG
Deputy Chairman

Dr.-Ing. E.h. Heinrich Weiss

a) DB Mobility Logistics AG

Deutsche Bahn AG

Voith AG

within group:

SMS Siemag AG
Chairman

b) Thyssen-Bornemisza Group

Bombardier Inc.

Employees of Commerzbank AG

Information pursuant to Art. 340a, (4), no. 1, of the German Commercial Code (HGB)
As of 31.12.2009

Manfred Breuer

Deutsche Edel-Stahlwerke GmbH

Torsten Bonew

Leipziger Versorgungs- und Verkehrsgesellschaft mbH

Dr. Detlev Dietz

Commerz Real AG

Commerz Real Investmentgesellschaft mbH

Martin Fischedick

Borgers AG

Commerz Real AG

Commerz Real Investmentgesellschaft mbH

Bernd Förster

SE Spezial Electronic AG

Bernd Grossmann

Textilgruppe Hof AG

Detlef Hermann

Kaiser's Tengelmann AG

Ritzenhoff Cristal AG

Herbert Huber

Saarländische Investitionskreditbank AG

Rüdiger Maroldt

Allianz Dresdner Bauspar AG

Dr. Thorsten Reitmeyer

Commerz Real Investmentgesellschaft mbH

Commerz Real AG

Dr. Markus Rose

Allianz Dresdner Bauspar AG

Andreas Schmidt

Goodyear Dunlop Tires Germany GmbH

Kerstin Scholz

Allianz Dresdner Bauspar AG

Dirk Wilhelm Schuh

GEWOBA Wohnen und Bauen AG

Rupert Winter

Klinikum Burgenlandkreis GmbH

Martin Zielke

comdirect bank AG

(41) Boards of Commerzbank AG

Supervisory Board

Klaus-Peter Müller
Chairman
Frankfurt am Main

Uwe Tschäge*
Deputy Chairman
Commerzbank AG
Düsseldorf

Hans-Hermann Altenschmidt*
Commerzbank AG
Essen

Dott. Sergio Balbinot
Managing Director
Assicurazioni Generali S.p.A.
Trieste

Dr.-Ing. Burckhard Bergmann
former Chairman of the
Board of Managing Directors
E.ON Ruhrgas AG
Hattingen

Herbert Bludau-Hoffmann*
Dipl.-Volkswirt
ver.di Trade Union
Sector Financial Services,
responsible for Commerzbank
Essen/Berlin

Dr. Nikolaus von Bomhard
(since May 16, 2009)
Chairman of the Board of
Managing Directors
Münchener Rückversicherungs-
Gesellschaft AG
Munich

Karin van Brummelen*
Commerzbank AG
Düsseldorf

Astrid Evers*
Commerzbank AG
Hamburg

Uwe Foullong*
Member of the
ver.di National Executive Committee
Berlin

Daniel Hampel*
Commerzbank AG
Berlin

Dr.-Ing. Otto Happel
Entrepreneur
Luserve AG
Lucerne

Sonja Kasischke*
Commerzbank AG
Brunswick

**Prof. Dr.-Ing. Dr.-Ing. E.h.
Hans-Peter Keitel**
President of the Federation of
German Industries (BDI)
Essen

Alexandra Krieger*
Dipl.-Kauffrau
Head of Division Economics
Department Codetermination
Hans-Böckler-Stiftung
Düsseldorf

Friedrich Lürßen
(until May 16, 2009)
Chairman
Fr. Lürssen Werft GmbH & Co. KG
Bremen

Dr. h.c. Edgar Meister
(since May 16, 2009)
Lawyer
former Member of the Executive
Board of Deutsche Bundesbank
Kronberg im Taunus

**Prof. h.c. (CHN) Dr. rer. oec.
Ulrich Middelmann**
former Deputy Chairman of the
Board of Managing Directors
ThyssenKrupp AG
Düsseldorf

Klaus Müller-Gebel
(until May 16, 2009)
Lawyer
Frankfurt am Main

Dr. Helmut Perlet
(since May 16, 2009)
former Member of the
Board of Managing Directors
Allianz SE
Munich

Barbara Priester*
Commerzbank AG
Frankfurt am Main

Dr. Marcus Schenck
Member of the Board of
Managing Directors
E.ON AG
Düsseldorf

Dr.-Ing. E.h. Heinrich Weiss
(until May 16, 2009)
Chairman
SMS GmbH
Düsseldorf

Dr. Walter Seipp
Honorary Chairman
Frankfurt am Main

* elected by the Bank's employees

Board of Managing Directors

Martin Blessing
Chairman

Frank Annuscheit

Markus Beumer

Wolfgang Hartmann
(until May 7, 2009)

Dr. Achim Kassow

Jochen Klösges
(since June 1, 2009)

Michael Reuther

Dr. Stefan Schmittmann

Ulrich Sieber
(since June 1, 2009)

Dr. Eric Strutz

(42) Responsibility statement by the Board of Managing Directors

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the net assets, financial position and results of operations of the Company, and the management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Frankfurt am Main, March 8, 2010
The Board of Managing Directors

Martin Blessing | Frank Annuscheit | Markus Beumer

Achim Kassow | Jochen Klösges | Michael Reuther

Stefan Schmittmann | Ulrich Sieber | Eric Strutz

Auditors' report

We have audited the annual financial statements, comprising the profit and loss account, the balance sheet and the notes to the financial statements, together with the bookkeeping system, and the management report of Commerzbank Aktiengesellschaft, Frankfurt am Main for the business year from January 1, 2009 to December 31, 2009. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's Board of Managing Directors. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Art. 317 of the German Commercial Code (*Handelsgesetzbuch* – HGB) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany – IDW) and additionally observed the International Standards on Auditing. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with (German) principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

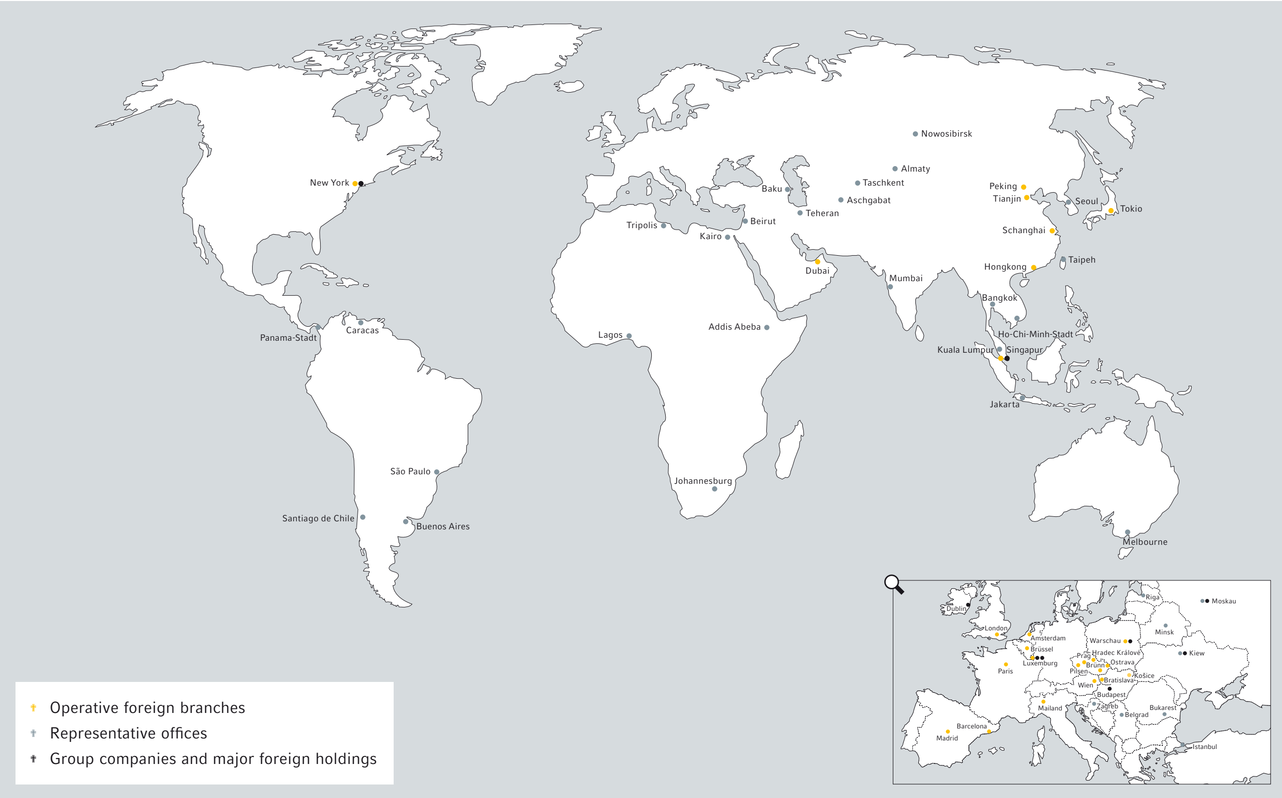
Frankfurt am Main, March 9, 2010

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Lothar Schreiber	Björn Grunwald
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Translation of the auditors' report issued in German language on the financial statements prepared in German language by the management of Commerzbank Aktiengesellschaft, Frankfurt am Main. The German language statements are decisive.

Commerzbank worldwide



Operative foreign branches
Amsterdam, Barcelona, Beijing, Bratislava, Brno (office), Brussels, Dubai, Hong Kong, Hradec Králové (office), Košice (office), London, Luxembourg, Madrid, Milan, New York, Ostrava (office), Paris, Plzeň (office), Prague, Shanghai, Singapore, Tianjin, Tokyo, Vienna, Warsaw

Representative offices
Addis Ababa, Almaty, Ashgabat, Baku, Bangkok, Beirut, Belgrade, Bucharest, Buenos Aires, Cairo, Caracas, Ho Chi Minh City, Istanbul, Jakarta, Johannesburg, Kiev, Kuala Lumpur, Lagos, Melbourne, Minsk, Moscow, Mumbai, Novosibirsk, Panama City, Riga, Santiago de Chile, São Paulo, Seoul, Taipei, Tashkent, Tehran, Tripoli, Zagreb

Major foreign holdings
BRE Bank SA, Warsaw
Commerzbank Capital Markets Corporation, New York
Commerzbank (Eurasija) SAO, Moscow
Commerzbank Europe (Ireland), Dublin
Commerzbank International S.A., Luxembourg
Commerzbank (South East Asia) Ltd., Singapore
Commerzbank Zrt., Budapest
Erste Europäische Pfandbrief- und Kommunalkreditbank AG, Luxembourg
Joint Stock Commercial Bank „Forum", Kiev

Notes

FSC
Mixed Sources
Product group from well-managed forests and other controlled sources
www.fsc.org Cert no. IC-COC-100069

2010/2011 Financial calendar	
End-March 2010	Annual Report 2009
May 6, 2010	Interim Report Q1 2010
May 19, 2010	Annual General Meeting
August 5, 2010	Interim Report Q2 2010
November 5, 2010	Interim Report Q3 2010
February 23, 2011	Annual Results Press Conference
End-March 2011	Annual Report 2010
May 18, 2011	Annual General Meeting

Commerzbank AG
Head Office
Kaiserplatz
Frankfurt am Main
www.commerzbank.com

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Investor Relations
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Fax +49 (0) 69 / 136 - 2 94 92
ir@commerzbank.com

The Group annual report (in accordance with the International Financial Reporting Standards) appears in German and English, also in an abridged version.