COMMERZBANK

Financial Statements and Management Report 2014

Commerzbank Aktiengesellschaft

The bank at your side

Contents

Management report of Commerzbank Aktiengesellschaft

Structure and organisation

Commerzbank Aktiengesellschaft is Germany's second largest bank and one of its leading banks for private and corporate customers. Our customers have one of the densest networks of any private-sector bank in Germany at their disposal. Commerzbank serves a total of around 15 million private customers and 1 million business and corporate customers worldwide. Commerzbank aims to continue strengthening its position as market leader in the private and corporate customer segments in Germany.

The focus of our activities is on the four core segments: Private Customers, Mittelstandsbank, Central & Eastern Europe and Corporates & Markets. The Bank has merged all activities in commercial real estate and ship financing, in addition to public financing, into the new Non-Core Assets (NCA) run-off segment. The core segments are each overseen by a member of the Board of Managing Directors; responsibility for the Group divisions within NCA is divided between two Board members.

All staff and management functions are contained in Group Management: Group Audit, Group Communications, Group Compliance, Group Development & Strategy, Group Finance, Group Human Resources, Group Investor Relations, Group Legal, Group Treasury and central risk functions. The support functions are provided by Group Services. These include Group Banking Operations, Group Markets Operations, Group Information Technology, Group Organisation & Security, Group Delivery Centre and Group Excellence & Support. The staff, management and support functions are combined in the Others and Consolidation division for external reporting purposes.

On the domestic market, Commerzbank Aktiengesellschaft is headquartered in Frankfurt am Main, from where it manages a nationwide branch network through which all customer groups are served. Its major German subsidiaries are comdirect bank AG, Commerz Real AG and Hypothekenbank Frankfurt AG. Outside of Germany, the Bank has 6 material subsidiaries, 23 operational foreign branches and 35 representative offices in 53 countries and is represented in all major financial centres, such as London, New York, Tokyo, Hong Kong and Singapore. However, the focus of the Bank's international activities is in Europe. The financial year is the calendar year.

Corporate responsibility

Commerzbank firmly believes that long-term economic success is dependent on the careful use of natural resources and preservation of the societal environment. We therefore strive to manage our business sustainably. That is why we have defined areas of action for sustainability management at Commerzbank, describing the primary challenges and establishing a framework for how we respond to these. We want to take every opportunity to avoid risks to our business and seize the potential to steer the business in a future-oriented direction.

Sustainable corporate governance

We consider acting properly and legitimately in all areas of the business as the cornerstone of our corporate responsibility. This includes, for example, preventing and combating financial crime and safeguarding customers' interests in all that we do. As business processes are constantly evolving and new legal requirements coming into force, we are always optimising and refining our compliance-relevant processes. 2014 was dominated, amongst other things, by the conflict between Russia and Ukraine, stricter requirements on the prevention of money laundering and terrorist financing and investigations into suspected price fixing. Accordingly, we focused on optimising processes and systems for complying with economic sanctions and preventing money laundering and terrorist financing, as well as on numerous regulatory projects. Given the constant growth in the volume and complexity of requirements, we have widened our focus to include strengthening our compliance culture, alongside specialist topics.

Reputational Risk Management is another Group unit central to defining the framework for our business activities. In 2014, the department assessed some 5,000 transactions, products and customer relationships for which sustainability played a particular role (2013: 2,800). The sharp increase in approvals is due most notably to the addition of new, sensitive topics and to the widening scope of application. In addition to Mittelstandsbank, the processes of Reputational Risk Management are now fully implemented in Private Customers, Corporates & Markets and Non-Core Assets and in the significant Group companies.

Requests that are incompatible with our understanding of corporate responsibility received a negative evaluation due to social, environmental or ethical concerns. Examples include palm oil, mining, wood and textiles. In 2014, Reputation Risk Management also drafted assessment criteria for deliveries of textiles and raw timber.

Added-value products

The growing importance of sustainability is opening up numerous opportunities for Commerzbank: the use of renewable energies and reduction of greenhouse gas emissions require new technologies and products, which incur a lot of investment. At the same time, because of the growing interest in sustainable investment opportunities, we are developing products and services that respond to the change in demand for financing, new earnings opportunities and customer needs.

The turnaround in energy policy initiated by the German government also poses numerous challenges for Commerzbank customers. The Bank-wide "Energiewende@Commerzbank" project is our contribution to making this social project a success and helping our customers fulfil the tasks imposed on them by the energy policy reversal. Commerzbank has been playing a crucial role since the mid-1980s, especially by financing renewable energy projects. In 2014, the Energy Competence Centre's loan portfolio totalled around €4.6bn, compared with €4.5bn in the prior year.

Commerzbank has also been affiliated to the Green Bond Principles of the International Capital Market Association since July 2014. These guidelines define a voluntary standard process for issuing Green Bonds. The aim is to promote standardisation, integrity and transparency in the Green Bond market. Green Bonds enable investors to support sustainable projects by providing funding. As demand for socially responsible investments increases in the coming years, this fledgling market segment will grow further.

Corporate responsibility also means providing our customers with unrestricted access to our services, which is why we go to great lengths to design our branches without barriers. At the start of 2014, 65% of our branches met these requirements. We make sure to provide optimum access for all user groups whenever we renovate a branch or install an ATM. One of Commerzbank's longstanding services is providing personal advice in sign language. Since 2014, around 80% of all Commerzbank ATMs are speech-enabled for the benefit of partially sighted customers.

Environmental impact

Operational environmental protection and systematic reduction of resource consumption at the Bank are key components of our sustainability concept. In order to reduce Commerzbank's environmental footprint, we continued working on the various measures in our Group-wide climate strategy and on refining our certified environmental management system in 2014. We achieved some excellent successes: the new climate target that Commerzbank defined in 2013, i.e. a 70% reduction in CO2 emissions by 2020 compared with 2007, had already largely been achieved by the end of 2013 with a reduction of 63.7%. Moreover, Commerzbank entered the renowned Climate Performance Leadership Index (CPLI) in 2014, and is Germany's only banking representative. CDP, the independent non-profit organisation, ascribed Commerzbank "an exemplary role in curbing climate change". CDP assessed the climate data of just under 2,000 listed companies around the world in 2014. In addition to Commerzbank, the CPLI contains another 186 companies, 13 of which are from Germany.

Working hard to future-proof society

As part of the community, part of Commerzbank's remit is to positively influence its environment. We champion the common good through numerous cooperation and sponsorship projects, supporting volunteering by staff and the activities of nine foundations. For example, in 2014, for the third year in a row, some 500 Commerzbank employees took part in the Malteser Social Day, supporting 44 social projects in 17 towns and cities throughout Germany. Via a variety of non-profit organisations, they helped with renovation and gardening, looked after children, the elderly and the sick, or cooked meals for homeless people. Commerzbank releases employees from their work to take part in the Malteser Social Day and pays the associated costs.

Promoting sport is another key component of Commerzbank's social commitment. The projects that Commerzbank supports include the German football association's "DFB-Junior-Coach" initiative, as national project partner in its DFB Premium Partnership. The initiative was expanded considerably in 2014. It now enables schoolchildren from some 100 schools throughout Germany to become a licensed football coach. The DFB takes care of the sporting side of the training, while Commerzbank supports the trainee coaches in preparing to enter the profession; this includes providing a practical general education in finance, as well as training on how to apply for jobs and student internships in the branches.

The junior coaches are assigned a Commerzbank employee as their mentor and contact person. The programme's objective is to encourage young people to take an active part as a volunteer in football, and give them a helping hand to make a start in their professional career.

Further information on sustainability management at Commerzbank can be found in the Corporate Responsibility Status Report 2014. It fulfils the requirements of a Communication on Progress (COP) regarding implementation of the ten principles of the UN Global Compact, which Commerzbank joined in 2006. Up-to-date information is available on the "Our Responsibility" internet portal, which was given a complete overhaul at the start of 2014, with the content now also available in English: www.nachhaltigkeit.commerzbank.com.

Our employees

Our employees are a decisive factor in our success. In the branches they advise our customers, assist them in their transactions with a full service and innovative products, and ensure that business runs professionally and smoothly. To achieve this and guarantee Commerzbank's long-term economic success we need employees who are motivated, suitably qualified and work where they can best deploy their talents. The banking industry is constantly changing, and our HR approach creates an environment in which people are able to develop and gain the qualifications this requires – and also stay on top professional form over the long run. This goes hand in hand with a corporate culture that promotes fair and competent interactions with colleagues, our customers, investors and business partners.

The number of employees at Commerzbank Aktiengesellschaft decreased by 1,383 (3,5%) year-on-year to 38,196 as at 31 December 2014.

Uniform standards for employee training and development

During the year under review we focused our efforts on employee training and development, with a view to reinforcing the technical and personal skills of our staff. By launching the Commerzbank Academy in 2013 we grouped together all our offerings for systematic and forward-looking lifelong learning. The Competence Dialogue introduced this year is another important step in setting uniform Bank-wide standards for training and development. The process requires employees to assess their own technical and personal skills.

Managers also appraise the skills of their employees, creating the basis for a regular skills dialogue and enabling every employee to boost their professional fitness as required. Employees can also actively shape their professional future with their line manager.

Professional career track opens up horizons for specialists

The launch of the professional career track in 2013 emphasised the importance of our 30,000 or so specialists for the success of the Bank. It completes our career track model and gives staff the ability to extend their own skills. In April 2014 we also set up the Commerzbank Expert Programme (CEP), giving our specialists access to systematic training. This cross-divisional training programme fills the gap between management and project management training and gives specialists the opportunity to extend and add to their personal skills.

Customised management development and promotion

Promoting women to management positions remains high on our agenda. There has been a steady increase at management levels two to four since 2010, with 30% of managers set to be female by the end of 2015. Measures to encourage this, both for new recruits and for women who already work for the Bank, have been further extended. For example, over 600 female Commerzbank managers have taken part in the internal mentoring programme. We also launched a six-month training programme aimed specifically at level three and four managers in our international locations in September 2014. The International Management Programme (IMP) aims to provide participants with focused support in carrying out their management duties. The programme covers management methods and tools for leadership. These classroom sessions are held in London, New York, Singapore and Frankfurt for local participants.

Staff-oriented corporate leadership

Employees value the fact that these opportunities open up new horizons to the people at our Bank, making them more competitive and helping their careers. This can be seen in the Commerzbank Monitor, which regularly analyses the views of our employees in Germany and abroad on an anonymised online basis. The employee survey conducted in autumn 2014 showed significant improvements compared to 2011, and not just in areas relating to professional development. Employee commitment also shot up by 73 index points. This puts us four index points above the most recent benchmark for the financial services industry calculated by GfK Trustmark in 2012.

Our staff gave us top marks for culture and cooperation. Compared to other financial services companies, Commerzbank is now at or above the benchmark in nearly all individual areas. The results on leadership quality showed a double-digit rise from 2011 and are now very good. The brand values of fairness and competence enjoy high acceptance across the Bank. Compared to 2011, even more employees are proud to work for Commerzbank. All segments and board areas scored better than three years ago. The biggest rise was in Private Customers, where the growth rate was in double digits across all areas examined. The next comprehensive employee survey is scheduled for 2016.

We also count on our employees' involvement in the company's operations with regard to our ideas management platform. The platform, which has won numerous awards, ensures that our procedures are optimised and creates a high level of transparency. This is made possible by WikIdee, an online platform where all employees are able to submit suggestions and join in discussions. Over 3,000 ideas were submitted last year.

Added-value HR tools

The positive feedback from our employees is also the result of an HR approach that focuses on people and develops effective tools to provide strategic assistance both to the divisions and to the Bank as a whole. We continued the strategic human resources planning pilot project in the year under review. The aim is to introduce medium and long-term HR management in the sales and service units. The development of each division is simulated via a structured comparison of current and required headcount in order to identify the strategically relevant areas that HR needs to concentrate on. This makes it possible to spot staff shortages and take countermeasures in good time.

HR tools that employees feel provide genuine added value include opportunities such as sabbaticals. In the year under review we concluded a works agreement that allows time to be "saved" and used for extended career breaks. This is implemented via a special part-time working agreement that can be tailored to individual requirements. The sabbatical works agreement sends out a signal among German companies that young talents and employees in special situations particularly appreciate.

We are also at the cutting edge when it comes to part-time working models. Commerzbank offers employees various models and options, such as limited-period "trial part-time working" and job sharing. This is where one position is divided between two part-time workers. These offers are making good headway, and around 26% of our employees now work part-time.

Mammoth undertaking: restructuring the private customer business

Flexible working models are just one example of our needs-oriented HR approach. Another is acting as a competent strategic partner in restructurings. Last year saw permanent changes in the private customer business. Primarily this involved cutting some 1,800 jobs and setting up a new advisory model with new functions for our customers. By 1 April 2014, a total of 12,000 employees had been allocated to their function or transferred, with 2,230 changing their place of work. This was the biggest HR challenge we have had to deal with since the Dresdner Bank integration.

Networks reflect diversity

Because we have such a wide range of people in our Bank, we have concentrated our HR work on global diversity management. For many years we have been making it easier for our staff to combine work and family life. We offer pioneering childcare and full support for those caring for relatives. This is based on our innovative care works agreement for the head office, which has been extended to run indefinitely.

The employee networks that made presentations at the second Diversity Day held at head office in June are firmly established. Around 1,000 employees belong to Arco (LGBT), Courage (women), Focus Fathers, Horizon (burn-out), Kulturwerk, Cross Culture (intercultural) and Network Care. These networks run their own events and projects to raise awareness of their existence and what they do. Commerzbank has launched a company-wide Fathers Network in Frankfurt, Berlin and Hamburg, which stages talks, workshops and father and child weekends.

High standards in healthcare management

The healthcare management system was again certified by TÜV-Süd in the year under review. This underlines our systematic and sustainable approach to keeping our employees healthy. Focus issues include stress management, mobility, preventing addiction and nutrition. Programmes such as "Cycling to work", which has been running for over ten years, also contribute to this. This year we took part for the first time in the Global Corporate Challenge, a programme in which participants had a common goal of walking at least 10,000 steps on 100 days. Voluntary commitment to company sports activities also helps keep people healthy. In 2014 Commerzbank had 164 company sports groups in Germany, with 16,472 members. Staff and their families have access to the nationwide Employee Assistance Programme (EAP), which was again popular in 2014.

The programme provides specialists who advise and support our staff and managers in difficult professional and private situations and arrange help for them where necessary. Under the terms of our works agreement on conducting risk assessments, we run regular surveys and implement corresponding follow-up measures.

Good take-up of additional offers for employees
Commerzbank offers its employees a wide range of additional company services. These include pension provision, employee recognition, mobility, technology and risk insurance. For example, we lease high-value IT equipment for private use at attractive rates. Two years after it was first launched, this is still an innovation in the banking sector. Since the start of 2014 we have also provided bicycles, pedelecs and electric bikes nationwide through the "BikeLease" model.

Successfully rising to training challenges
The re-orientation of our banking business poses new and different challenges for school students wishing to do a banking apprenticeship. Workshops across the Bank looked at the skills applicants need to be able to offer if they want to complete an apprenticeship or vocational training course at the Bank. Working with trainees, specialists and managers, we have defined an up-to-date and forward-looking profile of requirements for each professional apprenticeship on offer at Commerzbank. As a result, we have been using a multi-stage selection procedure for initial training since the summer. From the outset, therefore, we are laying the foundations for a successful start to working life, ensuring that the Bank has a healthy pipeline of future managers.

Remuneration
As a result of the increased significance arising from greater regulation, employee remuneration is disclosed in a separate report. This is published annually on the Commerzbank website at www.commerzbank.de.

Remuneration report

This report follows the recommendations of the German Corporate Governance Code and complies with the requirements of the German Commercial Code (HGB).

Board of Managing Directors

Main features of the remuneration system
The remuneration system includes a fixed basic annual salary plus variable remuneration components in the form of a Short Term Incentive (STI) and a Long Term Incentive (LTI). The Annual General Meeting in 2010 approved the main features of variable remuneration and the fixed basic annual salary of members of the Board of Managing Directors pursuant to Art. 120 (4) of the German Stock Corporation Act (AktG).

In August 2011, the Supervisory Board resolved to amend this system to meet the requirements of the Banking Remuneration Regulation (Instituts-Vergütungsverordnung). The amendment was subsequently implemented at a contractual level. In addition, at the end of 2011, the Supervisory Board decided to change the pension arrangements for the members of the Board of Managing Directors to a contribution-based defined benefit scheme, with retrospective effect from 1 January 2011.

Fixed remuneration components (fixed basic annual salary)
The fixed remuneration components include the basic annual salary and non-monetary elements.

The fixed basic annual salary, which is paid in equal monthly amounts, is €750 thousand[1]. The appropriateness of the fixed basic annual salary is checked at regular two-year intervals.

The non-monetary elements mainly consist of the use of a company car with driver, security measures and insurance contributions (accident insurance), as well as the tax thereon.

Performance-related remuneration (variable remuneration)
The remuneration system includes performance-related variable remuneration components in the form of a Short Term Incentive worth a target of €400 thousand in total per member and a Long Term Incentive worth a target of €600 thousand in total per member. The target value of the variable remuneration components for a member of the Board of Managing Directors therefore totals €1m[2]. The maximum goal achievement is 200%, which corresponds to €800 thousand for the Short Term Incentive and €1,200 thousand for the Long Term Incentive. The minimum total value is €0 in each case.

[1] The fixed basic annual salary for the Chairman of the Board of Managing Directors is €1,312,500, which is 1.75 times the amount specified.
[2] The target values for the Chairman of the Board of Managing Directors are 1.75 times the amounts specified.

Short Term Incentive (STI) The STI runs for one year. It consists of two equally weighted components: one linked to the STI performance component and one based on the economic value added (EVA)[1]. Entitlement to receive a payment for the STI is suspended pending the approval of the annual financial statements for the year in question and confirmation of the achievement of the STI goals for the member of the Board of Managing Directors by the Supervisory Board. Thereafter, 50% of the STI payments fall due and are payable in cash, with the remaining 50% payable in Commerzbank shares (or a cash sum based on the value of the shares) at the end of a further 12-month waiting period. The overall STI target is €400 thousand, and the targets for the individual components are €200 thousand each. Goal achievement can in principle vary between 0% and 200%.

› **STI EVA component** For the STI EVA component, the Supervisory Board sets a target amount for the Group EVA after tax prior to the beginning of the financial year; this amount corresponds to goal achievement of 100%. It also stipulates the EVA values that correspond to goal achievement of 0% and 200%.

› **STI performance component** The individual performance of each member of the Board of Managing Directors is assessed from an overall perspective using criteria determined by the Supervisory Board prior to the beginning of the financial year in question.

Long Term Incentive (LTI) The LTI runs for four years. It consists of two equally weighted components: one linked to economic value added (EVA) (the LTI EVA component) and the other based on share price performance (the LTI equity component). Entitlement to receive a payment for the LTI is suspended pending the approval of the annual financial statements for the final year of the four-year term of the LTI in question and confirmation of the achievement of the LTI goals by the Supervisory Board. Thereafter, 50% of the LTI payments fall due and are payable in cash, with the remaining 50% payable in Commerzbank shares (or a cash sum based on the value of the shares) at the end of a further 12-month waiting period. The overall LTI target is €600 thousand, and the targets for the individual components are €300 thousand each. Goal achievement can range between 0% and 200%; each of the two components can therefore range between €0 and €600 thousand. The provisional LTI payout sum of both LTI components will be increased or reduced by half the percentage by which the goals for the STI performance component are over- or underachieved in the first year of the four-year LTI term (goal achievement = 100%). This adjustment cannot exceed +/-20% of the target for the applicable LTI components. The member of the Board of Managing Directors is required each year to invest 50% of the net LTI payout sum payable to him/her in Commerzbank shares (personal investment), until such time as his/her personal investment reaches at least €350 thousand.

› **LTI equity component** The provisional payout sum of the LTI equity component is calculated based firstly on the relative total shareholder return (TSR) performance of Commerzbank (compared with the TSR performance of other banks in the Dow Jones EURO STOXX Banks Index) and secondly on the absolute price performance of Commerzbank shares. Prior to the commencement of the LTI term, the Supervisory Board specifies the number of Commerzbank shares that the member of the Board of Managing Directors will receive upon 100% goal achievement following the end of the four-year LTI term. The Board also defines which TSR-related ranking of Commerzbank (compared with the other relevant banks) corresponds to which goal achievements. The relative TSR performance then determines the number of virtually assigned shares; their value is determined by the absolute price performance of Commerzbank during the LTI term.

› **LTI EVA component** The target figures of the EVA-based LTI component are set by the Supervisory Board in advance for the entire LTI term and may differ for the individual years over the term. The Supervisory Board also determines which EVA amounts correspond to which goal achievements. The goal achievement is set each year during the four-year LTI term; as a rule, the goal achievement for the individual years can lie between −100% and +200%. After the end of the four-year LTI term, the Supervisory Board determines average goal achievement, which can range between 0% and 200%, and the resulting provisional payout sum.

In the event of exceptional developments that may have a considerable impact on the achievability of the STI or LTI target figures, the Supervisory Board can neutralise any positive or negative impact by adjusting the targets.

Remuneration of the Chairman of the Board of Managing Directors
The fixed basic annual salary and the target figures for the variable remuneration components for the Chairman of the Board of Managing Directors are set at 1.75 times the amounts specified for members of the Board.

Remuneration for serving on the boards of affiliated companies
The remuneration accruing to an individual member of the Board of Managing Directors from serving on the boards of affiliated companies counts towards the total remuneration paid to that member of the Board of Managing Directors. Any offsetting takes

[1] EVA is the consolidated surplus after tax and non-controlling interests less the Bank's capital costs (product of investors' capital excluding minority interests and capital cost rate after tax).

place on the designated payment date following the Annual General Meeting that approves the financial statements for the financial year in which the member of the Board of Managing Directors received payments arising from Group mandates.

Partial waiver by members of the Board of Managing Directors of variable remuneration for 2014

With regard to the legal requirements applicable from 1 January 2014, the members of the Board of Managing Directors have waived their variable remuneration for 2014 where this exceeds a ratio of fixed to variable remuneration of 1:1.

Pensions

The occupational pension scheme adopted in 2011 by the Supervisory Board for members of the Board of Managing Directors contains a contribution-based defined benefit.

Each member of the Bank's Board of Managing Directors receives a credit of a pension module to their pension account every year until the end of their appointment as such. The pension module for a calendar year is calculated by converting the relevant annual contribution into an entitlement to a retirement, disability and surviving dependants' pension. When the new remuneration system was introduced in 2010, the level of pension benefits was not adjusted. When the new pension scheme was introduced in 2011, the initial module and the pension modules were set so as to achieve equivalence to the commitments previously made to the members of the Board of Managing Directors.

Specifically, the member of the Board of Managing Directors is entitled to receive pension benefits in the form of a life-long pension when one of the following pensions is due:

- a retirement pension if employment ends on or after the Board member reaches the age of 65, or
- an early retirement pension if employment ends on or after the Board member reaches the age of 62, or after the Board member has served at least 10 years on the Board of Managing Directors and has reached the age of 58, or has served at least 15 years on the Board of Managing Directors, or
- a disability pension if the Board member is permanently unable to work.

If a member of the Board of Managing Directors leaves the Bank before the pension benefits become due, any entitlement to vested benefits that they have already accrued is retained.

The monthly amount of the retirement pension is calculated as a twelfth of the amount in the pension account when the pension benefits start.

When calculating the early retirement pension, the pension will be reduced to reflect the fact that the payments are starting earlier.

If the disability pension is taken before the age of 55, the monthly amount is supplemented by an additional amount.

If they retire after reaching the age of 62, members of the Board of Managing Directors can elect to receive a lump-sum payment or nine annual instalments instead of an ongoing pension. In this case, the amount paid out is calculated using a capitalisation rate based on the age of the Board member.

Instead of their pension, members of the Board of Managing Directors will continue to receive their pro-rata basic salary for six months as a form of transitional pay if they leave the Board on or after celebrating their 62nd birthday or they are permanently unable to work. If a member of the Board of Managing Directors receives an early retirement pension and has not yet reached their 62nd birthday, earned income from other activities will be deducted from the pension entitlement at a rate of 50% until that age is reached.

The widow's pension is 66 2/3% 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.

Rules for Board members who were appointed after the new provisions

Pension provision for newly appointed members of the Board of Managing Directors was defined according to the Commerzbank capital plan for company pension benefits and was approved by the Supervisory Board on 2 December 2011. Under this agreement, a retirement pension in the form of a capital payment is paid out if the member of the Board of Managing Directors leaves the Bank:

- on or after reaching the age of 65 (retirement capital) or
- on or after reaching the age of 62 (early retirement capital) or
- before their 62nd birthday because they are permanently unable to work.

If a member of the Board of Managing Directors leaves the Bank before any of these pension benefits become due, their entitlement to vested benefits is retained.

For each calendar year during the current employment relationship until pension benefits start to be paid out, each member of the Board of Managing Directors joining after the new rules came into effect is credited an annual module equating to 40% of the fixed basic annual salary (annual contribution), multiplied by an age-dependent conversion factor. Until the member of the Board of Managing Directors leaves, the annual modules are managed in a pension account. Upon reaching their 61st birthday, an additional 2.5% of the amount in the pension account at 31 December of the previous year is credited to the pension account of the member of the Board of Managing Directors on an annual basis until the pension benefits start to be paid out.

A portion of the annual contribution – determined by the age of the member of the Board of Managing Directors – is placed in investment funds and maintained in a virtual custody account.

The retirement capital or the early retirement capital will correspond to the amount in the virtual custody account or the amount in the pension account when the pension benefits start to be paid out, whichever is higher.

For the first two months after the pension benefits become due, the member of the Board of Managing Directors will receive transitional pay of one-twelfth of their fixed basic annual salary per month.

If a member of the Board of Managing Directors dies before the pension benefits become due, their dependants are entitled to receive the dependants' capital, which corresponds to the amount in the virtual custody account on the value date or the sum of the amount in the pension account and any additional amount, whichever is higher. An additional amount is payable if, at the time when pension benefits became due through inability to work or at the time of death, the Board member had served at least five consecutive years on the Bank's Board of Managing Directors and had not yet reached their 55th birthday.

The following table shows for active members of the Board of Directors the annual pension entitlements at pensionable age of 62 on 31 December 2014, the actuarial net present values on 31 December 2014, the interest rate-adjusted changes in the settlement amounts for 2014, and comparable amounts for the previous year:

€1.000		Pension entitlements projected annual pension at pensionable age of 62 As at 31.12.	Cash values of pension entitlements As at 31.12.	Interest rate-adjusted changes in the settlement amount
Martin Blessing	2014	297	4,460	246
	2013	269	3,704	144
Frank Annuscheit	2014	157	2,279	265
	2013	133	1,766	232
Markus Beumer	2014	147	2,023	235
	2013	124	1,557	207
Stephan Engels	2014	60[1]	886	319
	2013	40[1]	540	285
Jochen Klösges	2014[2]	–	–	–
	2013	109	1,135	53
Michael Reuther	2014	190	3,155	312
	2013	165	2,532	255
Dr. Stefan Schmittmann	2014	202	3,446	471
	2013	169	2,662	414
Ulrich Sieber	2014[2]	–	–	–
	2013	105	1,050	36
Martin Zielke	2014	126	1,726	336
	2013	97	1,209	330
Total	**2014**		**17,975**	**2,184**
	2013		**16,155**	**1,956**

[1] Capital sum annuitised.
[2] Jochen Klösges and Ulrich Sieber stepped down from the Board of Managing Directors on 31 December 2013, so the disclosure requirement does not apply to 2014.

The assets backing these pension obligations have been transferred under a contractual trust arrangement to Commerzbank Pension-Trust e.V.

As at 31 December 2014, pension obligations for current members of the Commerzbank Aktiengesellschaft Board of Managing Directors on the reporting date totalled €18m (previous year: €16m; see table detailing individual entitlements) before offsetting pension assets.

Rules for termination of office

If the term of office of a member of the Board of Managing Directors is effectively terminated, the following applies:

If appointment to the Board of Managing Directors ends prematurely, the employment contract usually expires six months after the Board member's appointment ends (linking clause). In this case, the Board member continues to receive the fixed basic annual salary, STIs and LTIs – subject to Art. 615 sentence 2 of the German Civil Code (offsetting of remuneration otherwise acquired) – until the end of the original term of office.

If, in the case of premature termination of appointment to the Board of Managing Directors, the contract of employment ends for reasons other than the linking clause described above, the fixed basic annual salary will continue to be paid – on a pro-rata basis where applicable – until the end of the contract of employment. The STIs and LTIs awarded for financial years prior to the termination of the contract of employment remain unaffected. The STI and LTI payments for the final year in office are reduced on a pro-rata basis where applicable.

If the contract of employment is not extended upon expiry of the current term of office, without there being good cause in accordance with Art. 626 of the German Civil Code, or if the contract of employment ends as a result of a linking clause as described above, the Board member will continue to receive his or her fixed basic salary for a period of six months after the end of the original term of office. This payment ceases as soon as the Board member starts to receive pension payments.

In all these cases, the specified payments for the time after the effective termination of the term of office may not exceed two years ' annual remuneration[1] (cap).

If the Bank terminates the term in office prematurely or does not extend the appointment at the end of the term in office due to circumstances that fulfil the requirements of Art. 626 of the German Civil Code, entitlement to STIs and LTIs awarded for the financial year in which the term of office was terminated will be forfeited without compensation and no further STIs and LTIs will be awarded if the employment contract ends at any later date.

Other

No members of the Board of Managing Directors received payments or promises of payment from third parties in the year under review in respect of their work as a member of the Board of Managing Directors.

Summary

Remuneration of the individual members of the Board of Managing Directors for 2014, along with the comparative figures from 2013, is shown in the following table.

The table shows the amounts under German Accounting Standard 17 (DRS 17), which specifies the requirements with regard to reporting the remuneration of the Board of Managing Directors. Under DRS 17, share-based amounts or amounts compensated by STI and LTI shares must be shown at their original value at the time they were granted at the beginning of 2014, regardless of their actual change in value. They therefore reflect the payment made for the goal achievement expected at this point in time, which for "EVA-related STI and LTI components" with settlement in shares is based on the multi-year planning for 2014–2017. All other share-based components or components with settlement in shares reflect remuneration at 100% goal achievement. With respect to these components, the table accordingly shows theoretical values or payment amounts.

[1] The cap is calculated with reference to the remuneration for the last financial year ending before the term of office was terminated.

Remuneration of the individual members of the Board of Managing Directors for 2014 and in comparison with 2013

€1,000		Fixed components: Basic salary	Fixed components: Remuneration for serving as a director[2]	Fixed components: Offsetting of payments arising from Group mandates in the following year[2]	Fixed components: Other[3]	Performance-related components with short-term incentive (STI): Variable remuneration in cash[4]: dependent on EVA target achievement	Performance-related components with short-term incentive (STI): Variable remuneration in cash[4]: dependent on achievement of individual targets	Performance-related components with short-term incentive (STI): Variable remuneration with settlement in shares[5]: dependent on EVA target achievement	Performance-related components with short-term incentive (STI): Variable remuneration with settlement in shares[5]: dependent on achievement of individual targets
Martin Blessing	2014	1,313	–	–	73	35	201	110	175
	2013	1,313	–	–	68	–	–	–	–
Frank Annuscheit	2014	750	–	–	57	20	120	63	100
	2013	750	–	–	50	32	120	22	100
Markus Beumer	2014	750	–	–	38	20	105	63	100
	2013	750	–	–	40	32	100	22	100
Stephan Engels	2014	750	41	−41	69	20	105	63	100
	2013	750	41	−41	66	32	100	22	100
Jochen Klösges	2014[1]	–	–	–	–	–	–	–	–
	2013	750	–	–	36	32	113	22	100
Michael Reuther	2014	750	–	–	70	20	110	63	100
	2013	750	–	–	71	32	120	22	100
Dr. Stefan Schmittmann	2014	750	–	–	49	20	115	63	100
	2013	750	–	–	50	32	110	22	100
Ulrich Sieber	2014[1]	–	–	–	–	–	–	–	–
	2013	750	36	−36	54	32	113	22	100
Martin Zielke	2014	750	–	–	68	20	115	63	100
	2013	750	–	–	59	32	130	22	100
Total	**2014**	**5,813**	**41**	**−41**	**424**	**155**	**871**	**488**	**775**
	2013	**7,313**	**77**	**−77**	**494**	**256**	**906**	**176**	**800**

[1] Jochen Klösges and Ulrich Sieber stepped down from the Board of Managing Directors on 31 December 2013.
[2] The remuneration accruing to an individual member of the Board of Managing Directors arising from Group mandates is netted against the total remuneration paid to that member of the Board of Managing Directors in the following year.
[3] The heading "Other" includes non-monetary benefits granted in the year under review, tax due on non-monetary benefits and employer contributions to the BVV occupational retirement fund.
[4] Payable in the subsequent year upon approval of the annual financial statements for the financial year just ended. "EVA goal achievement" describes the level of achievement of an economic value added target set by the Supervisory Board for the Commerzbank Group before the start of the financial year.
[5] The remuneration is initially calculated as provisional payout sums. The number of shares to be granted is then calculated by dividing the provisional payout sums by a future average share price. Under DRS 17, these remuneration components are presented irrespective of their actual performance at the goal achievement originally expected when they were granted at the beginning of the year.

€1,000		Performance-related components with long-term incentive (LTI): Variable remuneration in cash[6] – dependent on EVA target achievement in the four-year period	Variable remuneration[5]: Cash-settled share-based remuneration – dependent on share price and TSR performance in the four-year period	Variable remuneration[5]: With settlement in shares – dependent on EVA target achievement in the four-year period	Variable remuneration[5]: With settlement in shares – dependent on share price and TSR performance in the four-year period	Total remuneration under DRS 17[7]
Martin Blessing	2014	–	263	241	263	**2,674**
	2013	–	–	–	–	**1,381**
Frank Annuscheit	2014	–	150	138	150	**1,548**
	2013	–	150	118	150	**1,492**
Markus Beumer	2014	–	150	138	150	**1,514**
	2013	–	150	118	150	**1,462**
Stephan Engels	2014	–	150	138	150	**1,545**
	2013	–	150	118	150	**1,488**
Jochen Klösges	2014[1]	–	–	–	–	**–**
	2013	–	150	118	150	**1,471**
Michael Reuther	2014	–	150	138	150	**1,551**
	2013	–	150	118	150	**1,513**
Dr. Stefan Schmittmann	2014	–	150	138	150	**1,535**
	2013	–	150	118	150	**1,482**
Ulrich Sieber	2014[1]	–	–	–	–	**–**
	2013	–	150	118	150	**1,489**
Martin Zielke	2014	–	150	138	150	**1,554**
	2013	–	150	118	150	**1,511**
Total	**2014**	**–**	**1,163**	**1,069**	**1,163**	**11,921**
	2013	**–**	**1,200**	**944**	**1,200**	**13,289**

[6] The payments depend in particular on how economic value added (EVA) performs over a four-year period and are made subject to approval of the annual financial statements for the final year of this four-year period in the subsequent year; e.g. for financial year 2014 and the four-year period 2014–2017, this will take place in 2018.
The possible payout ranges for financial year 2014 are between €0 and €300 thousand for a member of the Board of Managing Directors and between €0 and €525 thousand for the Chairman of the Board of Managing Directors, whereby in relation to the total amount of fixed remuneration, the partial waiver by all members of the Board of Managing Directors in respect of amounts in excess of a 1:1 ratio between fixed and variable remuneration must be borne in mind.
As a consequence of the limiting of Board of Managing Directors' remuneration in 2010 and 2011 and the waiving by members of the Board of Managing Directors of their entitlement to EVA-based components for financial year 2012, no payments in respect of these components will be made before 2017.

[7] Total payments pursuant to DRS 17 include share-based and/or share price-dependent remuneration components in the event that the goal achievement expected at the time of grant materialises. By contrast, total payments pursuant to DRS 17 do not include possible long-term variable remuneration paid in cash, only actual payments received (see footnote 6).

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 to a due date of 2042 and at interest rates ranging between 1.5% and 5.5%, for amounts overdrawn in certain cases up to 15.4%. 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 €3,165 thousand, compared with €3,822 thousand in the previous year. With the exception of rental guarantees, Commerzbank Aktiengesellschaft did not enter into any contingent liabilities in favour of members of the Board of Managing Directors in the year under review.

Details of remuneration of the Board of Managing Directors in accordance with the German Corporate Governance Code

Under 4.2.5 of the 24 June 2014 edition of the German Corporate Governance Code, which is fleshed out by means of model tables appended to the Code, the benefits granted (target figures or assumptions) in the year under review and the allocation made (actual payouts made for the reporting year) should be reported for each member of the Board of Managing Directors. The benefits and allocations should be broken down into fixed remuneration, fringe benefits, one-year and multi-year variable remuneration and service cost within the meaning of IAS 19.

The following table implements these recommendations; however, for reasons of clarity, they are summarised in a single table.

Non-share-based one-year remuneration components (STI 2014 and STI 2013 in cash) and non-share-based multi-year remuneration components (LTI 2014 and LTI 2013 in cash) are, in accordance with the Code, stated in the benefits table assuming 100% goal achievement in each case. These values are considerably higher than those currently expected.

The partial waiver by members of the Board of Managing Directors of variable remuneration for 2014 described above under the heading "Partial waiver by members of the Board of Managing Directors of variable remuneration for 2014" only impacts remuneration where the variable remuneration of a member of the Board of Managing Directors exceeds a ratio of fixed to variable remuneration of 1:1. The allocations for financial year 2014 for the individual variable components are below this 1:1 ratio. Except for Martin Blessing, the partial waiver affects only the theoretical maximum amounts in the table and not the variable remuneration allocated for 2014.

Martin Blessing
Chairman of the Board of Managing Directors
Central & Eastern Europe

	Benefits granted				Allocation	
€1.000	2014	Minimum value	Maximum value	2013[1]	2014	2013
Fixed remuneration	1,313	1,313	1,313	1,313	1,313	1,313
Accessory considerations	73	73	73	68	73	68
Total	**1,386**	**1,386**	**1,386**	**1,381**	**1,386**	**1,381**
One year variable remuneration[2]	**350**	**0**	**700**	**350**	**236**	**0**
Multi-year variable remuneration[2, 3]	**1,314**	**0**	**2,800**	**1,209**	**0**	**0**
STI 2012 in shares (up to Q1/2014)	–	–	–	–	0	–
STI 2013 in shares (up to Q1/2015)	–	–	–	214	–	–
STI 2014 in shares (up to Q1/2016)[4]	285	0	700	–	–	–
LTI 2012 in cash (up to 31.12.2015)	–	–	–	–	–	–
LTI 2012 in shares (up to Q1/2017)	–	–	–	–	–	–
LTI 2013 in cash (up to 31.12.2016)	–	–	–	525	–	–
LTI 2013 in shares (up to Q1/2018)	–	–	–	470	–	–
LTI 2014 in cash (up to 31.12.2017)	525	0	1,050	–	–	–
LTI 2014 in shares (up to Q1/2019)[4]	504	0	1,050	–	–	–
Partial waiver of variable remuneration[5]	**–164**	**–**	**–2,000**	**–**	**–**	**–**
Total	**2,886**	**1,386**	**2,886**	**2,940**	**1,622**	**1,381**
Pension cost	434	434	434	455	434	455
Total remuneration	**3,320**	**1,820**	**3,320**	**3,395**	**2,056**	**1,836**

For footnotes see page 19 f.

(Continued)

Frank Annuscheit
Chief Operating Officer
Human Resources

	Benefits granted				Allocation	
€1.000	2014	Minimum value	Maximum value	2013	2014	2013
Fixed remuneration	750	750	750	750	750	750
Accessory considerations	57	57	57	50	57	50
Total	**807**	**807**	**807**	**800**	**807**	**800**
One year variable remuneration[2]	**200**	**0**	**400**	**200**	**140**	**152**
Multi-year variable remuneration[3]	**751**	**0**	**1,600**	**690**	**59**	**0**
STI 2012 in shares (up to Q1/2014)	–	–	–	–	59	–
STI 2013 in shares (up to Q1/2015)	–	–	–	122	–	–
STI 2014 in shares (up to Q1/2016)[4]	163	0	400	–	–	–
LTI 2012 in cash (up to 31.12.2015)	–	–	–	–	–	–
LTI 2012 in shares (up to Q1/2017)	–	–	–	–	–	–
LTI 2013 in cash (up to 31.12.2016)	–	–	–	300	–	–
LTI 2013 in shares (up to Q1/2018)	–	–	–	268	–	–
LTI 2014 in cash (up to 31.12.2017)	300	0	600	–	–	–
LTI 2014 in shares (up to Q1/2019)[4]	288	0	600	–	–	–
Partial waiver of variable remuneration	**0**	**–**	**–1,000**	**–**	**–**	**–**
Total	**1,758**	**807**	**1,807**	**1,690**	**1,006**	**952**
Pension cost	386	386	386	405	386	405
Total remuneration	**2,144**	**1,193**	**2,193**	**2,095**	**1,392**	**1,357**

Markus Beumer
Mittelstandsbank, Non-Core Assets
(Deutsche Schiffsbank and Commercial Real Estate)

	Benefits granted				Allocation	
€1.000	2014	Minimum value	Maximum value	2013	2014	2013
Fixed remuneration	750	750	750	750	750	750
Accessory considerations	38	38	38	40	38	40
Total	**788**	**788**	**788**	**790**	**788**	**790**
One year variable remuneration[2]	**200**	**0**	**400**	**200**	**125**	**132**
Multi-year variable remuneration[3]	**751**	**0**	**1,600**	**690**	**76**	**0**
STI 2012 in shares (up to Q1/2014)	–	–	–	–	76	–
STI 2013 in shares (up to Q1/2015)	–	–	–	122	–	–
STI 2014 in shares (up to Q1/2016)[4]	163	0	400	–	–	–
LTI 2012 in cash (up to 31.12.2015)	–	–	–	–	–	–
LTI 2012 in shares (up to Q1/2017)	–	–	–	–	–	–
LTI 2013 in cash (up to 31.12.2016)	–	–	–	300	–	–
LTI 2013 in shares (up to Q1/2018)	–	–	–	268	–	–
LTI 2014 in cash (up to 31.12.2017)	300	0	600	–	–	–
LTI 2014 in shares (up to Q1/2019)[4]	288	0	600	–	–	–
Partial waiver of variable remuneration	**0**	**–**	**–1,000**	**–**	**–**	**–**
Total	**1,739**	**788**	**1,788**	**1,680**	**989**	**922**
Pension cost	353	353	353	372	353	372
Total remuneration	**2,092**	**1,141**	**2,141**	**2,052**	**1,342**	**1,294**

For footnotes see page 19 f.

(Continued)

Stephan Engels
Chief Financial Officer

€1.000	Benefits granted 2014	Minimum value	Maximum value	2013	Allocation 2014	2013
Fixed remuneration	750	750	750	750	750	750
Accessory considerations	69	69	69	66	69	66
Total	**819**	**819**	**819**	**816**	**819**	**816**
One year variable remuneration[2]	**200**	**0**	**400**	**200**	**125**	**132**
Multi-year variable remuneration[3]	**751**	**0**	**1,600**	**690**	**48**	**0**
STI 2012 in shares (up to Q1/2014)	–	–	–	–	48	–
STI 2013 in shares (up to Q1/2015)	–	–	–	122	–	–
STI 2014 in shares (up to Q1/2016)[4]	163	0	400	–	–	–
LTI 2012 in cash (up to 31.12.2015)	–	–	–	–	–	–
LTI 2012 in shares (up to Q1/2017)	–	–	–	–	–	–
LTI 2013 in cash (up to 31.12.2016)	–	–	–	300	–	–
LTI 2013 in shares (up to Q1/2018)	–	–	–	268	–	–
LTI 2014 in cash (up to 31.12.2017)	300	0	600	–	–	–
LTI 2014 in shares (up to Q1/2019)[4]	288	0	600	–	–	–
Partial waiver of variable remuneration	**0**	**–**	**–1,000**	**–**	**–**	**–**
Total	**1,770**	**819**	**1,819**	**1,706**	**992**	**948**
Pension cost	316	316	316	333	316	333
Total remuneration	**2,086**	**1,135**	**2,135**	**2,039**	**1,308**	**1,281**

Jochen Klösges
Member of the Board of Managing Directors until 31.12.2013

€1.000	Benefits granted 2014[6]	Minimum value	Maximum value	2013	Allocation 2014[7]	2013
Fixed remuneration	–	–	–	750	–	750
Accessory considerations	–	–	–	36	–	36
Total	**–**	**–**	**–**	**786**	**–**	**786**
One year variable remuneration[2]	**–**	**–**	**–**	**200**	**–**	**145**
Multi-year variable remuneration[3]	**–**	**–**	**–**	**690**	**47**	**0**
STI 2012 in shares (up to Q1/2014)	–	–	–	–	47	–
STI 2013 in shares (up to Q1/2015)	–	–	–	122	–	–
STI 2014 in shares (up to Q1/2016)[4]	–	–	–	–	–	–
LTI 2012 in cash (up to 31.12.2015)	–	–	–	–	–	–
LTI 2012 in shares (up to Q1/2017)	–	–	–	–	–	–
LTI 2013 in cash (up to 31.12.2016)	–	–	–	300	–	–
LTI 2013 in shares (up to Q1/2018)	–	–	–	268	–	–
LTI 2014 in cash (up to 31.12.2017)	–	–	–	–	–	–
LTI 2014 in shares (up to Q1/2019)[4]	–	–	–	–	–	–
Partial waiver of variable remuneration	**–**	**–**	**–**	**–**	**–**	**–**
Total	**–**	**–**	**–**	**1,676**	**47**	**931**
Pension cost	–	–	–	399	–	399
Total remuneration	**–**	**–**	**–**	**2,075**	**47**	**1,330**

For footnotes see page 19 f.

(Continued)

Michael Reuther
Corporates & Markets,
Non-Core Assets (Public Finance)

€1.000	Benefits granted 2014	Minimum value	Maximum value	2013	Allocation 2014	2013
Fixed remuneration	750	750	750	750	750	750
Accessory considerations	70	70	70	71	70	71
Total	**820**	**820**	**820**	**821**	**820**	**821**
One year variable remuneration[2]	**200**	**0**	**400**	**200**	**130**	**152**
Multi-year variable remuneration[3]	**751**	**0**	**1,600**	**690**	**59**	**0**
STI 2012 in shares (up to Q1/2014)	–	–	–	–	59	–
STI 2013 in shares (up to Q1/2015)	–	–	–	122	–	–
STI 2014 in shares (up to Q1/2016)[4]	163	0	400	–	–	–
LTI 2012 in cash (up to 31.12.2015)	–	–	–	–	–	–
LTI 2012 in shares (up to Q1/2017)	–	–	–	–	–	–
LTI 2013 in cash (up to 31.12.2016)	–	–	–	300	–	–
LTI 2013 in shares (up to Q1/2018)	–	–	–	268	–	–
LTI 2014 in cash (up to 31.12.2017)	300	0	600	–	–	–
LTI 2014 in shares (up to Q1/2019)[4]	288	0	600	–	–	–
Partial waiver of variable remuneration	**0**	**–**	**–1,000**	**–**	**–**	**–**
Total	**1,771**	**820**	**1,820**	**1,711**	**1,009**	**973**
Pension cost	438	438	438	450	438	450
Total remuneration	**2,209**	**1,258**	**2,258**	**2,161**	**1,447**	**1,423**

Dr. Stefan Schmittmann
Chief Risk Officer

€1.000	Benefits granted 2014	Minimum value	Maximum value	2013	Allocation 2014	2013
Fixed remuneration	750	750	750	750	750	750
Accessory considerations	49	49	49	50	49	50
Total	**799**	**799**	**799**	**800**	**799**	**800**
One year variable remuneration[2]	**200**	**0**	**400**	**200**	**135**	**142**
Multi-year variable remuneration[3]	**751**	**0**	**1,600**	**690**	**53**	**0**
STI 2012 in shares (up to Q1/2014)	–	–	–	–	53	–
STI 2013 in shares (up to Q1/2015)	–	–	–	122	–	–
STI 2014 in shares (up to Q1/2016)[4]	163	0	400	–	–	–
LTI 2012 in cash (up to 31.12.2015)	–	–	–	–	–	–
LTI 2012 in shares (up to Q1/2017)	–	–	–	–	–	–
LTI 2013 in cash (up to 31.12.2016)	–	–	–	300	–	–
LTI 2013 in shares (up to Q1/2018)	–	–	–	268	–	–
LTI 2014 in cash (up to 31.12.2017)	300	0	600	–	–	–
LTI 2014 in shares (up to Q1/2019)[4]	288	0	600	–	–	–
Partial waiver of variable remuneration	**0**	**–**	**–1,000**	**–**	**–**	**–**
Total	**1,750**	**799**	**1,799**	**1,690**	**987**	**942**
Pension cost	612	612	612	627	612	627
Total remuneration	**2,362**	**1,411**	**2,411**	**2,317**	**1,599**	**1,569**

For footnotes see page 19 f.

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Ulrich Sieber
Member of the Board of Managing Directors until 31.12.2013

	Benefits granted				Allocation	
€1.000	2014[6]	Minimum value	Maximum value	2013	2014[7]	2013
Fixed remuneration	–	–	–	750	–	750
Accessory considerations	–	–	–	54	–	54
Total	**–**	**–**	**–**	**804**	**–**	**804**
One year variable remuneration[2]	**–**	**–**	**–**	**200**	**–**	**145**
Multi-year variable remuneration[3]	**–**	**–**	**–**	**690**	**59**	**0**
STI 2012 in shares (up to Q1/2014)	–	–	–	–	59	–
STI 2013 in shares (up to Q1/2015)	–	–	–	122	–	–
STI 2014 in shares (up to Q1/2016)[4]	–	–	–	–	–	–
LTI 2012 in cash (up to 31.12.2015)	–	–	–	–	–	–
LTI 2012 in shares (up to Q1/2017)	–	–	–	–	–	–
LTI 2013 in cash (up to 31.12.2016)	–	–	–	300	–	–
LTI 2013 in shares (up to Q1/2018)	–	–	–	268	–	–
LTI 2014 in cash (up to 31.12.2017)	–	–	–	–	–	–
LTI 2014 in shares (up to Q1/2019)[4]	–	–	–	–	–	–
Partial waiver of variable remuneration	**–**	**–**	**–**	**–**	**–**	**–**
Total	**–**	**–**	**–**	**1,694**	**59**	**949**
Pension cost	–	–	–	381	–	381
Total remuneration	**–**	**–**	**–**	**2,075**	**59**	**1,330**

Martin Zielke
Privatkunden

	Benefits granted				Allocation	
€1.000	2014	Minimum value	Maximum value	2013	2014	2013
Fixed remuneration	750	750	750	750	750	750
Accessory considerations	68	68	68	59	68	59
Total	**818**	**818**	**818**	**809**	**818**	**809**
One year variable remuneration[2]	**200**	**0**	**400**	**200**	**135**	**162**
Multi-year variable remuneration[3]	**751**	**0**	**1,600**	**690**	**53**	**0**
STI 2012 in shares (up to Q1/2014)	–	–	–	–	53	–
STI 2013 in shares (up to Q1/2015)	–	–	–	122	–	–
STI 2014 in shares (up to Q1/2016)[4]	163	0	400	–	–	–
LTI 2012 in cash (up to 31.12.2015)	–	–	–	–	–	–
LTI 2012 in shares (up to Q1/2017)	–	–	–	–	–	–
LTI 2013 in cash (up to 31.12.2016)	–	–	–	300	–	–
LTI 2013 in shares (up to Q1/2018)	–	–	–	268	–	–
LTI 2014 in cash (up to 31.12.2017)	300	0	600	–	–	–
LTI 2014 in shares (up to Q1/2019)[4]	288	0	600	–	–	–
Partial waiver of variable remuneration	**0**	**–**	**–1,000**	**–**	**–**	**–**
Total	**1,769**	**818**	**1,818**	**1,699**	**1,006**	**971**
Pension cost	456	456	456	478	456	478
Total remuneration	**2,225**	**1,274**	**2,274**	**2,177**	**1,462**	**1,449**

[1] Martin Blessing, Chairman of the Board of Managing Directors, has waived all entitlement to variable remuneration for 2012 and 2013. Nevertheless, under the rules of the German Corporate Governance Code, the benefits granted should state the amounts originally granted at the start of 2013 and the corresponding target amounts.

[2] The one-year variable remuneration consists of the STI in cash, which is paid out the following year. All other variable remuneration components are shown under multi-year variable remuneration because their measurement periods do not end on the corresponding reporting date.
[3] The terms of each cash component end on 31 December. However, the German Corporate Governance Code requires the actual allocation in the following year to be stated for the financial year just ended, as with one-year variable remuneration. The share components, on the other hand, take account of price performance not only in the following year but also in subsequent years until the payment date, and as such can only be reported as an allocation for that year.
[4] The maximum amounts stated for the STI and LTI 2014 in shares could theoretically be exceeded if the share price rises in the last 12 months before payment. However, in view of the partial waivers, this would have no impact on the maximum total remuneration, even in the event of 200% goal achievement.
[5] In respect of the partial waiver, the maximum amounts assumed for fixed remuneration are €1.5m for the Chairman of the Board of Managing Directors and €1m for the other members of the Board of Managing Directors. As these amounts are below the fixed remuneration actually paid, the partial waiver exceeds the legal requirements. As such, the partial waiver of the Chairman of the Board of Managing Directors affects the benefits granted under the German Corporate Governance Code, not the allocations (actual payouts) for 2014.
[6] Benefits granted are stated only for active members of the Board of Managing Directors. Payments made under a contractual continuation of payment are reported under remuneration of former members of the Board of Managing Directors (see Notes).
[7] The allocations to be stated here for Jochen Klösges und Ulrich Sieber in 2014 relate exclusively to deferred variable remuneration from 2012. Jochen Klösges and Ulrich Sieber also received payments made under a contractual continuation of payment, reported as a total under remuneration of former members of the Board of Managing Directors (see Notes).

New Board of Managing Directors remuneration system from 1 January 2015

In December 2014, the Supervisory Board ratified a new remuneration system for the members of the Board of Managing Directors. It had become necessary to introduce a new system from 2015 in order to bring the remuneration of the Board of Managing Directors into line with new and/or amended rules under CRD IV, the Banking Remuneration Regulation and the German Banking Act. The existing system also needed to be simplified, so as to improve its transparency and its clarity in respect of success measurement. The new remuneration system is to be introduced with retroactive effect from 1 January 2015. In designing the new remuneration system, the Supervisory Board drew on the support of the Remuneration Control Committee established in 2014. The committee's tasks include preparing resolutions of the Supervisory Board on the appropriate design of the remuneration system for the Board of Managing Directors. In so doing, it considers the impact of these resolutions on the Bank's risks and risk management and takes particular account of the interests of shareholders and investors. Under the recommendations of the German Corporate Governance Code, the Supervisory Board must consider the appropriateness of the remuneration, both in a cross-comparison with competitors and a vertical comparison with the remuneration of senior management and employee pay in Germany.

Main features of the new remuneration system for the Board of Managing Directors of Commerzbank Aktiengesellschaft The core elements of the new remuneration system are a fixed basic annual salary plus variable remuneration with a uniform target amount. The existing division of variable remuneration into multiple amounts with different targets and different measurement periods (Short Term Incentive and a Long Term Incentive) is being discontinued. Provided that the 2015 Annual General Meeting agrees the upper limit for variable remuneration of 140% of fixed remuneration, the basic annual salary of the ordinary members of the Board of Managing Directors will remain at €750 thousand and the target amount for variable remuneration will also remain unchanged at €1,000,000 per financial year. If the 2015 Annual General Meeting does not pass such a resolution and the upper limit for variable remuneration of 100% of fixed remuneration in accordance with Art. 25a (5) of the German Banking Act applies, the basic annual salary of the ordinary members of the Board of Managing Directors will be increased to €875 thousand with retroactive effect from January 2015 and the target amount for variable remuneration in the event of 100% goal achievement will be lowered to €806,040 in order to comply with this cap.

Under the old remuneration model, the weighting in the event of 100% goal achievement was 43% fixed remuneration to 57% variable remuneration (23 percentage points short-term and 34 percentage points long-term variable remuneration). If the Annual General Meeting agrees to raise the upper limit for variable remuneration, the ratio of fixed to variable remuneration will remain unchanged. If the 2015 Annual General Meeting does not agree to raise the upper limit for variable remuneration of the members of the Board of Managing Directors, the ratio would be 52% fixed salary to 48% variable remuneration (19 percentage points payable in the year it was set and 29 percentage points after the end of a retention period).

› **Fixed remuneration components** The fixed remuneration components include the basic annual salary and non-monetary elements. The basic annual salary remains at €750 thousand or, if the upper limit on the ratio of variable to fixed remuneration is not raised, €875 thousand. It is payable in twelve equal monthly instalments at the beginning of the month. The non-monetary elements mainly consist of the use of a company car with driver, security measures and insurance contributions, as well as tax contributions thereon.

› **Performance-related remuneration components** The new remuneration system provides for a single uniform variable remuneration component linked to goals set at the start of the financial year, with a target value of €1,000,000 (or €806,040 if the upper limit on variable remuneration is not raised). Measurement of goal achievement for the company objectives is 70% based on the Group's commercial success, measured using economic value added (EVA), and 30% based on the results and goal achievement of the department for which the member of the Board of Managing Directors in question is responsible. The Group and department results are multiplied by a factor of between 0.7 and 1.3, depending on the individual performance of the member of the Board of Managing Directors in question. The target value of the variable remuneration will be paid if goal achievement by the Group and the department is 100% and the individual goal achievement is also 100%, producing a factor of 1.0. Goal achievement by the Group and the department in question is determined retrospectively over a weighted three-year measurement period, whereby the performance year to be evaluated is multiplied by three, the previous year by two and the year before that by one.

The Supervisory Board sets target amounts for Group and department EVA prior to the beginning of the financial year; these amounts correspond to goal achievement of 100%. It also stipulates the levels of goal achievement to which EVA values above and below this correspond. Goal achievement for the Group, the department and the individual performance can be between 0% and 200%; however, overall goal achievement is limited to 150% of the target amount for variable remuneration, even taking account of the factor measuring individual performance.

Variable remuneration will only be applied in the event of a positive overall performance by the Group in the performance year.

The Supervisory Board has also reserved the right to resolve to reduce or fully cancel the variable remuneration determined in accordance with the criteria described above, for example if the Bank's risk-bearing capacity, its capital or liquidity resources or its ability to meet the capital buffer requirements of the German Banking Act do not meet certain predefined levels.

40 % of the variable remuneration is payable in the year in which it is determined, half in cash and the other half, after a 12-month waiting period, also in cash but share-based, i.e. linked to Commerzbank's share price performance during this waiting period. Of the remaining 60% of variable remuneration, half is payable in cash at the end of a five-year retention period and half after expiry of this retention period plus a further 12-month waiting period, in cash but share-based.

However, this only applies if the Supervisory Board has not concluded in a retrospective performance evaluation at the end of the five-year retention period that the claim to the deferred variable remuneration needs to be reduced or cancelled. This would be the case, for example, if facts subsequently come to light that show the original determination to be incorrect, if the Bank's capital adequacy has significantly deteriorated or if the Bank's financial position at the time of the retrospective performance evaluation or at the end of the ensuing waiting period precludes payment. Unlike the old remuneration system, the new remuneration model for members of the Board of Managing Directors no longer includes an obligation to invest parts of the variable remuneration in Commerzbank shares.

Remuneration of the Chairman of the Board of Managing Directors If the upper limit for the ratio of fixed to variable remuneration is raised to 140%, the Chairman of the Board of Managing Directors will under the new remuneration system continue to receive 1.75 times the basic annual salary of an ordinary member of the Board of Managing Directors, i.e. €1,312,500. The target amount for variable remuneration in this case would be €1,628,640, and thus 1.63 times the target amount for an ordinary member of the Board of Managing Directors. If the Annual General Meeting does not pass the resolution to approve a higher ratio of variable to fixed remuneration, the fixed salary will be increased to €1,575,000 and the target amount for variable remuneration reduced to €1,338,300 (which equates to 1.66 times that of an ordinary member of the Board of Managing Directors).

Remuneration for serving on the boards of consolidated affiliated companies As under the old remuneration system for the Board of Managing Directors, the remuneration accruing to an individual member of the Board of Managing Directors from serving on the boards of consolidated affiliated companies counts towards the total remuneration paid to that member of the Board of Managing Directors.

Pension provision The rules on pension provision for members of the Board of Managing Directors have been amended only in so far as, in future, increases in the fixed basic annual salary will no longer automatically translate into increased pension entitlements; these will require the express approval of the Supervisory Board.

Rules for termination of office Compared with the current remuneration system of the Board of Managing Directors, the new system provides clarity over how to measure the variable remuneration for periods in which the term of office is ended before the end of the contract of employment. In this case, from the moment the term of office is ended, the average goal achievement of the other members of the Board of Managing Directors will be used in future for the applicable performance year; however, the retrospective performance evaluation at the end of the retention period, as described in the paragraph “Performance-related remuneration components”, remains fully available. For periods for which goal achievement has already been calculated before the termination of office, the member of the Board of Managing Directors receives this variable remuneration, which again is subject to retrospective performance evaluation.

As before, a member of the Board of Managing Directors will under the future remuneration system receive no variable remuneration for the last year of his/her period of office if the conditions apply for extraordinary termination of the employment contract pursuant to Art. 626 of the German Civil Code upon termination of office or non-extension of an appointment. In future, this will also apply where a member of the Board of Managing Directors resigns his/her mandate without good cause triggered by the Bank. The same applies to the fixed basic annual salary from the end of the month in which the period of office ends.

Supervisory Board

Principles of the remuneration system and remuneration for financial year 2014

The remuneration of the Supervisory Board is regulated in Art. 15 of the Articles of Association; the current version was approved by the AGM on 16 May 2007 and has remained unchanged since then. This grants members of the Supervisory Board basic remuneration for each financial year, in addition to compensation for out-of-pocket expenses, comprising:

- fixed remuneration of €40 thousand per year and
- a variable bonus of €3 thousand 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 €1,5 thousand 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 remuneration 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 is not paying a dividend for financial year 2014, there is no variable remuneration for 2014. Members of the Supervisory Board received total net remuneration for financial year 2014 of €1,657 thousand (previous year: €1,686 thousand). Of this figure, the basic remuneration and remuneration for serving on committees amounted to €1,305 thousand (previous year: €1,290 thousand) and attendance fees to €352 thousand (previous year: €396 thousand). The value added tax (currently 19%) payable on the remuneration of the members of the Supervisory Board resident in Germany was reimbursed by Commerzbank Aktiengesellschaft.

The remuneration breaks down between the individual members as follows:

€1.000		Fixed remuneration	Variable remuneration	Attendance fee	Total
Klaus-Peter Müller	2014	200.0	–	31.5	231.5
	2013	200.0	–	36.0	236.0
Uwe Tschäge	2014	117.7	–	22.5	140.2
	2013	100.0	–	24.0	124.0
Hans-Hermann Altenschmidt	2014	80.0	–	30.0	110.0
	2013	80.0	–	34.5	114.5
Dr.-Ing. Burckhard Bergmann (until 19 April 2013)	2014	–	–	–	–
	2013	12.0	–	4.5	16.5
Dr. Nikolaus von Bomhard	2014	40.0	–	10.5	50.5
	2013	40.0	–	13.5	53.5
Karin van Brummelen (until 19 April 2013)	2014	–	–	–	–
	2013	18.0	–	10.5	28.5
Gunnar de Buhr (since 19 April 2013)	2014	60.0	–	19.5	79.5
	2013	42.0	–	13.5	55.5
Stefan Burghardt (since 19 April 2013)	2014	40.0	–	10.5	50.5
	2013	28.0	–	10.5	38.5
Karl-Heinz Flöther (since 19 April 2013)	2014	73.5	–	25.5	99.0
	2013	46.3	–	15.0	61.3
Uwe Foullong (until 19 April 2013)	2014	–	–	–	–
	2013	12.0	–	3.0	15.0
Daniel Hampel (until 19 April 2013)	2014	–	–	–	–
	2013	12.0	–	6.0	18.0
Dr.-Ing. Otto Happel (until 19 April 2013)	2014	–	–	–	–
	2013	12.0	–	1.5	13.5
Beate Hoffmann (until 19 April 2013)	2014	–	–	–	–
	2013	12.0	–	6.0	18.0
Prof. Dr.-Ing. Dr.-Ing. E. h. Hans-Peter Keitel (until 8 May 2014)	2014	21.2	–	4.5	25.7
	2013	60.0	–	16.5	76.5
Dr. Markus Kerber (until 19 April 2013)	2014	80.0	–	24.0	104.0
	2013	56.0	–	15.0	71.0
Alexandra Krieger	2014	40.0	–	12.0	52.0
	2013	40.0	–	15.0	55.0
Oliver Leiberich (since 19 April 2013)	2014	40.0	–	12.0	52.0
	2013	28.0		9.0	37.0
Dr. Stephan Lippe (since 8 May 2014)	2014	32.3		9.0	41.3
	2013	–	–	–	–
Dr. h. c. Edgar Meister (until 19 April 2013)	2014	–	–	–	–
	2013	24.0	–	12.0	36.0
Beate Mensch (since 19 April 2013)	2014	40.0	–	9.0	49.0
	2013	28.0	–	4.5	32.5
Prof. h. c. (CHN) Dr. rer. oec. Ulrich Middelmann (until 2 July 2013)	2014	–	–	–	–
	2013	30.2	–	13.5	43.7
Dr. Roger Müller (since 3 July 2013)	2014	40.0	–	12.0	52.0
	2013	19.8	–	7.5	27.3
Dr. Helmut Perlet	2014	100.0	–	27.0	127.0
	2013	100.0	–	25.5	125.5
Barbara Priester	2014	40.0	–	10.5	50.5
	2013	40.0	–	15.0	55.0

€1.000		Fixed remuneration	Variable remuneration	Attendance fee	Total
Mark Roach	2014	40.0	–	12.0	52.0
	2013	40.0	–	15.0	55.0
Petra Schadeberg-Herrmann (since 19 April 2013)	2014	53.5	–	15.0	68.5
	2013	42.0	–	10.5	52.5
Dr. Marcus Schenck (until 10 September 2013	2014	–	–	–	–
	2013	41.5	–	9.0	50.5
Margit Schoffer (since 19 April 2013)	2014	60.0	–	21.0	81.0
	2013	42.0	–	13.5	55.5
Astrid Schubert (until 19 April 2013)	2014	–	–	–	–
	2013	12.0	–	6.0	18.0
Nicholas Teller (since 8 May 2014)	2014	32.3		10.5	42.8
	2013	–	–	–	–
Dr. Gertrude Tumpel-Gugerell	2014	60.0	–	19.5	79.5
	2013	60.0	–	25.5	85.5
Solms U. Wittig (since 11 September 2013 until 8 May 2014)	2014	14.1	–	4.5	18.6
	2013	12.2	–	4.5	16.7
Total	**2014**	**1,304.6**	**–**	**352.5**	**1,657.1**
	2013	**1,290.0**	**–**	**396.0**	**1,686.0**

Members of the Supervisory Board once again provided no advisory, intermediary or other personal services in 2014. 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 of 2047 and at interest rates ranging between 2.3% and 5.1%, and on amounts overdrawn in certain cases up to 11.8%. Collateral security is provided on normal market terms, if necessary through land charges or rights of lien.

As at the reporting date, the aggregate amount of loans granted to members of the Supervisory Board was €563 thousand; in the previous year, the figure was €592 thousand. Commerzbank Aktiengesellschaft did not enter into any contingent liabilities in favour of members of the Supervisory Board in the year under review.

Other details

D&O liability insurance

There is a Directors and Officers (D&O) liability insurance policy for members of the Board of Managing Directors and the Supervisory Board. The excess for members of the Supervisory Board and the Board of Managing Directors is set at 10% of the claim up to a maximum of 150% of the fixed annual remuneration for all insurance claims made within a single year.

Purchase and sale of the Company's shares

Under Art. 15a 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 thousand per annum 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 BaFin's recommendations in the Guide for Issuers.

In 2014, members of Commerzbank's Board of Managing Directors (BMD) and Supervisory Board (SB) reported the following directors' dealings in Commerzbank shares or derivatives thereon:[1]

[1] The directors' dealings were published on Commerzbank's website under "Directors' Dealings" during the year under review.

Date	Disclosing party	Relation	Participant	Purchase/ Sale	Amount	Price €	Transaction volume I €
17.12.2014	Leiberich, Oliver		Member of SB	Purchase	524.00	10.755	5,635.62

Overall, the Board of Managing Directors and Supervisory Board together held no more than 1% of the issued shares and option rights of Commerzbank Aktiengesellschaft on 31 December 2014.

Details pursuant to Art. 289 of the German Commercial Code (HGB)

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

Share capital structure

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 (Aktiengesetz, AktG). The share capital of the company totalled €1,138,506,941.00 at the end of the financial year. It is divided into 1,138,506,941 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 Art. 6 (2) of the Articles of Association. 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. Any 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 share capital represented is adequate to pass resolutions (Art. 19 (3) sentence 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 authorised to increase the share capital by a total of €1,462,936,397.00 by issuing new shares under Art. 4 (3) (Authorised Capital 2011) and by a total of €1,150,000,000.00 by issuing new shares under Art. 4 (5) (Authorised Capital 2012/I) of the Articles of Association applicable on 31 December 2014. The Board of Managing Directors is authorised, with the approval of the Supervisory Board, to exclude subscription rights in certain cases, in particular to increase the share capital for non-cash contributions.

Moreover, the Annual General Meeting on 23 May 2012 gave the Board of Managing Directors the authority to issue convertible bonds or bonds with warrants or profit-sharing certificates (both with and without conversion or option rights) against a cash or non-cash contribution for a total nominal value of up to €8,400,000,000.00. Conditional capital of up to €2,750,000,000.00 is available for this purpose according to Art. 4 (4) of the Articles of Association (Conditional Capital 2012/I). The Board of Managing Directors is authorised, with the approval of the Supervisory Board, to exclude subscription rights in certain cases, in particular where the financial instruments are issued for non-cash contributions.

On the basis of the undertaking declared under agenda item 10 of the invitation to the Annual General Meeting of 19 April 2013, the Board of Managing Directors will make use of the above-mentioned approved capital and the conditional capital 2012/I during their terms and with the consent of the Supervisory Board only up to a maximum of 50% of the above-mentioned share capital.

For details of the authorised capital and conditional capital, particularly regarding maturities and terms and conditions of exercise, please refer to the explanations in Notes 29 and 30.

The authority of the Board of Managing Directors to increase share capital from authorised 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.

On 19 May 2010, the Annual General Meeting authorised the Board of Directors to purchase and sell Commerzbank shares for the purpose of securities trading, pursuant to Art. 71 (1) No. 7 of the German Stock Corporation Act, until 18 May 2015. The aggregate amount of shares to be acquired for this purpose may not exceed 5% of the share capital of Commerzbank Aktiengesellschaft at the end of any given day. The price at which own shares are purchased may not be more than 10% lower or higher than the average share price (closing auction prices or similar successor prices for Commerzbank shares in Xetra trading or a similar successor system to the Xetra system on the Frankfurt Stock Exchange) on the three trading days preceding the purchase.

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 market, which can be 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.

Equity holdings that exceed 10% of the voting rights

According to the notification of voting rights dated 4 June 2013, the Financial Market Stabilisation Fund holds a stake of 17.15% in the voting capital of Commerzbank AG.

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

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

The aim of the internal control and risk management system in respect of financial reporting is to ensure that the annual financial statements of Commerzbank Aktiengesellschaft and the Commerzbank Group provide a true and fair view of the net assets, financial position and results of operations in accordance with the applicable accounting standards under the German Commercial Code and IFRS. The internal control system and the risk management system at Commerzbank are integrated as regards their methodology and implementation, both with a view to financial reporting. In the following, we shall therefore use the term ICS (internal control system). Details of the risk management system can be found in the risk report on page 41 f.

The objective of proper financial reporting is endangered by the risks to which it is exposed. Risks are deemed to be the possibility that the objective stated above might not be attained and material information in the financial reporting might be inaccurate, regardless of whether this arises from a single matter or a combination of several.

Risks to financial reporting may arise from errors in business processes. Fraudulent behaviour can also result in the inaccurate reporting of information. The Bank therefore has to ensure it minimises the risks of incorrect statement, measurement or presentation of financial reporting information.

The Commerzbank ICS seeks to provide sufficient certainty that it complies with the relevant legal requirements, that business is conducted in a proper and cost-effective manner and that financial reporting is complete and accurate. It is important to note that despite all measures the Bank may take, the ICS methods and procedures used cannot entirely rule out errors or fraud, and as such offer sufficient certainty but never absolute certainty.

Legal basis and guidelines

Art. 289 (5) of the German Commercial Code requires companies to describe the material features of their ICS in the management report. Commerzbank follows the principles for bank-specific organisation of the internal control system set out in the Minimum Requirements for Risk Management (MaRisk).

The Bank's internal control system is structured in line with the internationally recognised framework developed by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). Commerzbank derives the following objectives from this:

- that business processes be effective and efficient,
- that applicable laws and regulations be observed,
- and that financial reporting be reliable.

As regards the risk assessment of the reporting process required by COSO in respect of the reliability of financial reporting (for example, ensuring that all transactions are fully and correctly recognised in the financial statements), the Bank follows the recommendations of the International Standards of Auditing and Quality Control, No. 315, 2009 Edition (hereinafter referred to as ISA number 315).

Organisation

A detailed governance framework forms a sound basis for good corporate governance that provides strategic direction for the Group as a whole while taking account of risk elements.

The governance framework sets uniform and binding minimum standards for all units with regard to their organisational structure in respect of maintaining documentation and keeping it updated. The primary feature is the principle of clear allocation of responsibility, starting with the schedule of business responsibilities for the Board of Managing Directors and ending with the individual approval authorities of each employee. The scope and structure of the governance framework follows both the legal and regulatory requirements and also the "Commerzbank corporate constitution" approved by the full Board of Managing Directors. The governance framework translates the main guiding principles of the corporate constitution into practical rules and contains the following elements:

- Plan for allocating the business responsibilities for the Board of Managing Directors
- Rules of procedure
- Organisation charts
- Business remits of the units
- Schedule of approval authorities

Where tasks in the Bank by their nature cannot be combined, they are organised into different areas applying the principle of separation of functions. Strict checks are also carried out using the dual-control principle to minimise risks in financial reporting.

In accordance with the Minimum Requirements for Risk Management (MaRisk), responsibility for implementing, executing, applying, refining and reviewing the Bank's ICS lies primarily with the Board of Managing Directors; while the CFO is responsible for the reporting process. The Board of Managing Directors is responsible for structuring the ICS throughout the Bank and demonstrating that it is appropriate, while the CFO is responsible for structuring the ICS and ensuring that it is effective for financial reporting. He is responsible for the design of the ICS through appropriate and effective control steps and for embedding these into the various processes. The CFO is also responsible for ensuring that the parent company and Group financial statements are properly prepared.

The Supervisory Board is supported in its oversight of the financial reporting primarily by the Audit Committee set up for this purpose. It provides support in monitoring the accounting process and the effectiveness of the risk management system (especially the internal control system), compliance and internal audit. It also provides support in monitoring the performance of the annual audit, particularly with regard to the independence of the auditor and the services provided by the auditor. The Audit Committee also monitors prompt remediation of deficiencies identified by the auditor.

During the year, Group Audit reports to the Supervisory Board and its appointed committees about the work it has carried out and its material findings.

Group Finance (GM-F), which reports directly to the CFO, is responsible for ensuring that the financial statements are drawn up in compliance with the relevant laws and internal and external guidelines.

Within GM-F, Accounting Policies & Guidelines is the department responsible for drawing up Group-wide accounting guidelines and communicating them over the intranet. Implementation of these accounting guidelines supports consistent and correct reporting across the Group.

GM-F is supported in producing financial statements by other Group divisions. Of particular importance here is Group Information Technology, which is responsible for providing and upgrading the accounting IT systems used.

Controls to minimise risk
Controls at the Bank are integrated directly into operating processes, either technically or manually (i.e. by means of organisation). Technical controls are used in the IT systems employed and consist, for example, of check sums and verification digits. Technical controls are often complemented by manual controls such as screen approvals carried out by the responsible employees. Data quality on initial entry into systems is ensured by organisational measures such as the dual-control principle, delegation of powers of approval and the separation of functions, and by technical measures such as issuing IT approval authorities. Additional controls during further processing guarantee that the data entered and used is complete and accurate.

Monitoring by Group Audit
Group Audit (GM-A) provides auditing and advisory services for the Board of Managing Directors independently, objectively and in a risk-oriented manner so as to evaluate the compliance, security and cost-effectiveness of Commerzbank's business processes and flag up potential for optimisation. GM-A supports the Board of Managing Directors by evaluating the appropriateness and effectiveness of risk management, the internal control system and business processes, providing support on key projects in an internal auditing capacity and issuing recommendations. In doing so, it contributes to the security of business processes and assets.

GM-A is directly accountable to the Board of Managing Directors and reports to that body. 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, GM-A'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. GM-A's activities complement the work of the subsidiaries' audit departments within the framework of Group risk management. Auditing the suitability and effectiveness of the ICS covers the risk management and controlling systems, reporting, IT systems and financial reporting. In performing its duties, GM-A has an unrestricted right to information.

GM-A 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, GM-A oversees and documents the steps taken to remedy the deficiencies identified within the specified time. If such deficiencies are ignored, an escalation process comes into effect. In addition, GM-A 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 financial reporting process

The financial reporting procedures at Commerzbank are supported by IT systems integrated into each process. As part of the input process for financial reporting, all information relevant for drawing up the financial statements of the Commerzbank Group under IFRS and Commerzbank Aktiengesellschaft under the German Commercial Code is submitted to GM-F by the reporting units (Commerzbank Aktiengesellschaft Germany, subsidiaries and foreign branches). Data is transmitted via an online data entry functionality directly into SAP EC-CS consolidation software, which has been adapted to the Bank's requirements. Subsidiaries generally submit IFRS data; German and foreign branches also submit data under the German Commercial Code. Data is automatically checked for consistency before transmission to GM-F. Once the plausibility checks have been successfully completed, the individual reports can be finalised. Further plausibility checks are carried out using this data in GM-F. After these controls have been successfully completed, the Commerzbank Aktiengesellschaft parent company financial statements are drawn up and all the necessary steps are taken to produce the consolidated Commerzbank Group financial statements. Drawing up the Group financial statements involves various individual steps (e.g. consolidating equity, liabilities, income and expenses), currency translation and the elimination of intra-Group profits.

Segment reporting is done on a separate IT system. This involves reconciliation with the data from accounting.

Measures to further enhance the ICS as regards financial reporting

The ICS has been adapted to meet the needs of the Commerzbank Group as regards financial reporting, and it is further enhanced on an ongoing basis. To this end, the internal Control Environment Initiative (CEI) has been permanently implemented at GM-F. The CEI is based on the GM-F "process map". This is a top-down representation of all key processes, which is refined with descriptions of procedures and in which the risks in relation to the reliability of financial reporting are determined, applying the COSO framework. The Bank also follows the recommendations of ISA 315. This involves checking whether a risk can be assigned to one of the following three categories and their various aspects:

- Statements on types of business transaction: their occurrence, completeness, accuracy, allocation to the correct period and the correct account;
- Statements on account balances at the reporting date: availability, rights and obligations, completeness, measurement and allocation;
- Statements on presentation in the financial statements and on the notes to the financial statements: occurrence, rights and obligations, completeness, reporting and comprehensibility, accuracy and measurement.

Suitable controls are implemented to minimise the risks identified, and these in turn are also assigned to the ISA 315 categories and their various aspects. For the effectiveness of the ICS, it is the way the controls are structured into appropriate steps and embedded into each process, and the way they are performed at the operating level, that is the decisive factor in minimising risk.

In respect of financial reporting, the ICS is strengthened through regular assessment of the effectiveness and efficiency of key controls and regular checks on how controls are implemented.

This procedure ensures that risks are identified and minimised and that any operational failings are avoided.

Other

No material changes have been made to the financial reporting ICS since the reporting date.

Details pursuant to Art. 289 a of the German Commercial Code (HGB)

Details pursuant to Art. 289 a of the German Commercial Code, "Declaration on corporate governance", is publicly accessible on the website of Commerzbank Aktiengesellschaft at www.commerzbank.de.

Business and overall conditions

Economic environment

Hopes for a global economic recovery in 2014 were not fulfilled. As in 2013, the world economy only grew by a below-average 3.3% last year. Growth was slowed mainly by the weakness in emerging markets, especially China, and the sharp downturn in Japan after the VAT increase. Western industrialised countries, by contrast, picked up speed.

The US economic crisis is definitely over. The slowdown at the start of the year due to the weather was soon made good, and the US economy grew by 2.4% overall in the year under review. In the second and third quarters of 2014, seasonally adjusted real GDP growth was more than 1% per quarter, while initial estimates put growth in the final quarter at 0.75%. The recovery in the US labour market is even more impressive. Employment rose by 2% last year, the strongest increase since 2006. Unemployment is now 5.6%, not far off the level the US Federal Reserve regards as full employment. The Fed therefore suspended its bond purchase programme in October. By this point it had increased its total assets five-fold since the start of the financial market crisis to around $4,500bn.

The eurozone economy also returned to growth in 2014. The estimated increase was a very modest 0.9%, however, with only a slight decline in unemployment. As at the end of 2014, unemployment was still very high at 11.4%. Unlike in the USA, some eurozone countries have not yet fully corrected previous excesses in the real estate markets or excessive leverage among both companies and private households.

The German economy was again the driving force of the eurozone economy in 2014, growing by 1.6% and significantly outperforming the other eurozone countries once more. The recovery in Germany clearly lost momentum over the course of the year, however. After a good start to the year, partly as a result of the unusually mild weather, it stalled over the summer and only picked up again modestly in the final quarter. The European Central Bank (ECB) added to its stabilisation measures in 2014. With inflation falling to just 0.5% in the spring, it decided in June on another comprehensive package of measures. These included cutting the refinancing rate to 0.15% and the deposit rate to −0.10% September saw another 0.1% cut to 0.05% and −0.20% respectively. The ECB also made targeted special funds available to the banks for a period of four years. Tumbling oil prices have now pushed inflation well into negative territory. Long-term inflationary expectations have also fallen as a result. To stabilise the situation, the European Central Bank decided in January 2015 to buy government bonds on a large scale.

Financial markets were once again dominated in 2014 by the extremely loose monetary policies pursued by the leading central banks in industrialised countries. As a result, investors continued to be forced into riskier forms of investment such as equities, corporate bonds and the government bonds of periphery countries.

Sector environment

The markets took the view that the risk of a further escalation in the European financial and sovereign debt crisis fell further in 2014. This was driven primarily by the announcement and implementation of unusually extensive monetary activity, the creation of an institutional and organisational framework for banking union, greater transparency in the banking sector thanks to the ECB's comprehensive assessment, initial successes from fundamental reforms in crisis-hit countries and a return to at least moderate growth in the eurozone countries. Data from the ECB show that systemic tensions on the key financial markets for banks and governments have latterly dropped to their lowest level since the crisis erupted in 2007. Yields on most European government bonds again hit new lows, while prices of credit default swaps on these bonds were also barely affected by crisis premiums, and there was further improvement in capital market financing terms for European corporates. Ongoing criticism of the weak earnings of German banks overall and their relatively high leverage contributed to financing costs for bank bonds remaining higher than those of non-banks, though, with bank shares again clearly underperforming the market as a whole.

However, the relaxation was only reflected in banking profits to a lesser extent in 2014. Bank profitability remained under pressure, in particular from structural trends (regulation and stiff competition) and the ongoing low level of interest rates. Persistently low rates and increasing reinvestment difficulties, combined with the expectation of new capital and liquidity rules, resulted in little improvement in banks' basic earnings power. The large fines and settlements for legal proceedings payable in the year under review also affected the profitability of the big banks. Corporate capacity utilisation was normal at best and did not lead to any meaningful rise in lending business, in fact book credits to domestic non-financial companies have fallen sharply of late. Net interest income remained under pressure as interest rates stay low and the yield curve flattens. The German banking system again became more robust last year, however, thanks to much lower exposure to crisis countries, a reduction of other problem portfolios, a notable increase in core capital ratios and a decline in leverage. According to the Deutsche Bundesbank, the ECB's comprehensive assessment showed that the balance sheets of the participating German banks are resilient and the institutions would survive an economic shock.

Important staffing and business policy events

Commerzbank made further progress in implementing its strategic agenda in 2014. For example, the Bank further reduced its shipping portfolio. Commerzbank and BNP Paribas Personal Finance have also decided to continue their previously successful partnership in Germany. We successfully placed a mortgage Pfandbrief as part of the long-term funding of the core business in the Private Customers segment. Testimony to the successful restructuring of Commerzbank in recent years, and confirmation that we are on the right track with our efforts to both reduce our non-strategic portfolio and expand our customer-focused business model, was our good performance in the Asset Quality Review and subsequent stress test conducted by the European Central Bank. There were some changes in the composition of the Commerzbank Supervisory Board.

Changes in the Supervisory Board

As proposed by the Supervisory Board, the Annual General Meeting on 8 May 2014 appointed Dr. Stefan Lippe and Nicholas Teller to the Supervisory Board of Commerzbank Aktiengesellschaft with a clear majority. Solms U. Wittig was also appointed by the Annual General Meeting as a substitute member for the two new members of the Supervisory Board. The changes in the Supervisory Board were necessary because Prof. Dr. Hans-Peter Keitel stepped down with effect from the end of the 2014 Annual General Meeting. In addition, Dr. Markus Schenk had earlier completed his term of office on the Supervisory Board on 10 September 2013.

Commerzbank and BNP Paribas Personal Finance continue their successful cooperation in the instalment credit business

At the beginning of July, Commerzbank and BNP Paribas Personal Finance, the market leader in the European consumer credit business, announced plans to continue their previously successful partnership in Germany. The cooperation under the Commerz Finanz GmbH joint venture began in January 2010 as the successor to Dresdner Cetelem Kreditbank. BNP Paribas Personal Finance has and will continue to have a 50.1% holding, while Commerzbank holds 49.9%. In the Commerzbank branch network, Commerz Finanz is the exclusive partner for the sale of Commerzbank instalment credits. Joint venture partner BNP Paribas Personal Finance's knowledge of point-of-sale and e-commerce business represents a useful addition to Commerz Finanz GmbH's product portfolio and creates the basis for a solid and broad-based growth platform.

Under the ongoing partnership both companies have undertaken to provide intensive support for Commerz Finanz, enabling it to further expand its current business model and at the same time establish new technologies, new products and innovative sales channels.

For Commerzbank, successful cooperation with BNP Paribas Personal Finance is an important part of the new private customer strategy. The partnership will allow Commerzbank to further consolidate its position as a provider of instalment credit in Germany and exploit the growth opportunities in this business area.

Commerzbank agrees sale of nine container ships

At the end of August Commerzbank signed an agreement with a buyer and the owners for the sale of nine container ships financed by the Bank. The sales proceeds were used to redeem loans totalling some €160m. The entire portfolio was fully transferred to the buyer, a joint venture established between the KKR Special Situations Group of Kohlberg Kravis Roberts & Co. L.P. (USA) and Borealis Maritime Ltd. (UK), with Commerzbank not retaining any of the financing. The parties have agreed to maintain confidentiality about all other details of the contractual agreements. This transaction was the second successful capital markets portfolio transaction in the Deutsche Schiffsbank division within the space of one year, and was agreed despite the ongoing difficult market environment on the international shipping markets. The transaction is the next step in the value-preserving reduction of Commerzbank's NCA segment.

Commerzbank places €1bn mortgage Pfandbrief

Commerzbank Aktiengesellschaft issued a mortgage Pfandbrief on the capital market in mid-September. The benchmark bond has a volume of €1bn, a five-year term and a coupon of 0.375% p.a. The mortgage Pfandbrief placed is secured by Commerzbank's private retail mortgage loans in Germany. This provides long-term funding for the core business in the Private Customers segment.

Commerzbank passes comprehensive review by the ECB

Commerzbank has passed both the European Central Bank (ECB) Asset Quality Review (AQR) and the European Banking Authority (EBA) stress test. According to the results of the ECB's AQR, as at 1 January 2014 the common equity Tier 1 (CET1) ratio under the Basel 3 transitional arrangements was 10.8%, and therefore significantly above the key hurdle of 8.0%. Under the baseline stress test scenario, taking the AQR results into account, Commerzbank recorded a CET1 ratio of 11.4% and was therefore significantly above the hurdle of 8%.

The Bank's CET1 ratio was also well above the 5.5% hurdle under the adverse scenario, at 8.0%. Even with full application of Basel 3 and taking the AQR results into account, the CET1 ratio under the adverse scenario was a comfortable 6.9%.

The reference date for the ECB assessment was 31 December 2013. Since then Commerzbank has further increased its profits and systematically reduced its risks. The good result of the ECB's comprehensive assessment is testimony to the successful restructuring of Commerzbank over the last few years and the strength of our customer-focused business model. The stress test also clearly confirms the Bank's stability and resistance to stress.

Earnings performance, assets and financial position

Income statement

Commerzbank Aktiengesellschaft made a net profit of €282m in 2014 following a net profit of €166m in the previous year.

The changes in the individual earnings components are set out below.

Net interest income, which is the balance of interest income less interest expense – including current income from equities, equity holdings and holdings in affiliated companies and subsidiaries with profit and loss transfer agreements – rose by 21.6% year-on-year to €6,193m. An increase in income from profit-pooling and partial or full profit-transfer agreements and from current income from equities, equity holdings and holdings in affiliated companies accounted for just under half of the rise. Net interest income rose by €0.6bn, due in particular to a decline in expenses from customer liabilities.

At €2,567m, net commission income was at the same level as the previous year. While commission income from securities declined year-on-year, income from international business, asset management and syndications rose.

Net trading income/expense netted out at €0m due to a release from the fund for general banking risks pursuant to Art. 340 e (4) sentence 2 no. 1 HGB.

The balance of other operating income and expenses for the reporting period was €–550m, compared with €–119m in 2012. The negative figure in the year under review was mainly attributable to higher allocations to provisions, in particular for litigation and recourse risk.

Operating expenses increased by 1.5% in the year under review to €5,605m, with personnel expenses rising by 2.3% to €3,302m. This was the result of both higher pension expenses and higher compensation expenses. Other operating expenses were only slightly up year-on-year, at €2,303m. Whereas IT and project costs and audit and consulting costs – particularly those relating to the Asset Quality Review by the European Central Bank – rose, savings were made on rental and leasing expenses and other premises costs.

Depreciation, amortisation and write-downs of intangible and fixed assets increased by 21.9% to €245m in the year under review, in particular due to lower scheduled amortisation of intangible assets.

Write-downs and valuation allowances on receivables and certain securities and allocations to provisions in lending business amounted to €–1,506m in the year under review, compared with €–401m in the previous year. This was primarily due to the fact that net income from our securities liquidity portfolio fell as a result of lower gains on the disposal of debt instruments.

Write-downs and valuation allowances on equity holdings, holdings in affiliated companies and securities treated as fixed assets totalled €–304m in the year under review, compared with €–193m in the previous year. The decline was particularly due to impairments on affiliated companies.

The cost of assuming subsidiaries ' losses under profit and loss transfer agreements was €5m, down from €170m in the previous year when the loss compensation at Commerzbank Inlandsbanken Holding GmbH was a major factor. This was caused primarily by the assumption of the loss at our subsidiary Hypothekenbank Frankfurt AG.

As a result of the income statement items described above, Commerzbank Aktiengesellschaft posted an operating profit of €545m for 2014, compared with €757m in the previous year.

The €–46m extraordinary loss for the year relates to allocations to pension provisions under transitional arrangements in the amended regulations of the German Accounting Law Modernisation Act (BilMoG). Last year's figures included restructuring expenses for plans to adjust staff capacity to the changed market environment by 2016.

Tax expenses amounted to €–217m in 2014, compared with €–72m a year earlier. The recognition of a tax provision for the risks of a tax audit and its knock-on effects pushed up the item.

Commerzbank Aktiengesellschaft made a net profit of €282m in 2014 after €166m in the previous year. Half of the net profit for the year under review, i.e. €141m, was allocated to Other retained earnings, leaving a net profit of €141m. No dividend will be paid out for 2014.

Balance sheet

Total assets of Commerzbank Aktiengesellschaft fell 11.1% or €51.9bn year-on-year to €417.4bn.

Within assets, the cash reserve fell by €6.0bn to €3.6bn. This was largely because of a decline in central bank credit balances contingent on the balance sheet date. Claims on banks fell compared with year-end 2013, by €31.6bn to €92.7bn. This was the result of a significant drop in secured money market transactions in the form of reverse repos and cash collaterals, particularly in the short-term segment. This compared with claims on customers, which rose by €0.4bn compared with the previous year's level to €171.5bn. Whereas reverse repo transactions posted a sharp fall, public-sector loans and property and mortgage loans rose. Bonds and other fixed-income securities rose by €13.5bn to €45.8bn. This 41.7% increase resulted from a €14.1bn jump in holdings of bonds and notes in the liquidity reserve. Trading portfolio assets amounted to €87.4bn. The rise in the fair values of derivative financial instruments (interest rate and currency) was more than offset by netting undertaken in the year under review (for an explanation, see the Notes on page 80 f.) and, together with a lower volume of bonds and fixed income securities, particularly German, reduced trading assets by €28.2bn. Holdings in affiliated companies fell by 8.1% compared with 31 December 2013 to €8.4bn.

The liabilities side included a sharp rise in liabilities to banks, up by 23.0% to €105.6bn. About half of this figure related to the rise in collateralised money market transactions in the form of repos and cash collaterals. In addition, both time deposits and money market trading grew. Liabilities to customers declined by €34.7bn or 15.1% to €195.2bn, which was due to a fall in collateralised money market transactions such as repos and reduced money market trading.

This compared with a rise in time and savings deposits. Securitised liabilities rose by 21.9% year-on-year to €27.2bn due to a maturity-related reduction in bonds and notes issued.

Trading portfolio liabilities recorded a volume of €44.6bn, compared with €72.6bn in the previous year. Despite the rise in interest rate and currency derivatives, the netting of the negative fair values of derivatives undertaken in the year under review (for an explanation, see the Notes on page 80 f.) reduced the volume significantly. Subordinated liabilities totalled €9.9bn, €1.0bn lower year-on-year. At €0.8bn, profit-sharing certificates were stable compared with the same period last year. Equity capital was 1.6% higher year-on-year at €18.0bn.

Off-balance sheet liabilities rose year-on-year, with contingent liabilities rising by €2.0bn to €36.1bn and irrevocable lending commitments up €7.5bn to €56.8bn.

Capital and reserves

Commerzbank Aktiengesellschaft's reported equity capital as at 31 December 2014 was up €0.3bn compared with year-end 2013, at €18.0bn.

There was no change in the capital reserve compared with year-end 2013. As at the reporting date it stood at €15.9bn. Subscribed capital also remained unchanged at €1.6bn. Retained earnings were up €0.2bn on the 2013 level, at €0.3bn.

Since 2007, the Bank has made use of the waiver rule of Art. 2 a of the German Banking Act (KWG), which means it only reports risk-weighted assets and capital ratios for the financial institution group to the supervisory authority.

Risk-weighted assets were up by €24.6bn as at 31 December 2014 to €215.2bn, primarily in connection with the first-time application of Basel 3, due mainly to the increase in risk-weighted assets in market and credit risks. Regulatory Tier 1 capital fell by €0.6bn to €25.1bn compared with year-end 2013 due to the first-time application of Basel 3. In conjunction with the higher level of risk-weighted assets the Tier 1 ratio fell to 11.7%. Common equity Tier 1 capital came to €25.1bn. Under Basel 3 phase-in rules, this is identical to core capital. The total capital ratio was 14.6% on the reporting date. The decrease of 4.6 percentage points is mainly due to changes regarding the eligibility of supplementary capital under Basel 3.

As at the reporting date, the leverage ratio based on the revised CRD IV/CRR ("delegated act"), which compares Tier 1 capital with leverage exposure, was 4.6% ("phase-in"). Under the Capital Requirements Directive (CRD IV/CRR "phase-in") reported up to now, the leverage ratio is 4.3%.

The bank complies with all requirements set by the supervisory authorities. The reporting disclosures required by law include the consolidated profit attributable to Commerzbank shareholders.

Summary of 2014 business position

2014 was another challenging year for the entire financial sector and the market environment remains difficult. The challenges include persistently low interest rates and rising and ever more frequent demands from regulators, which are placing a significant financial and staffing burden on those affected. Customer expectations and advisory needs are also growing in complexity. They are focused much more heavily than in previous years on their individual requirements and circumstances, or in the case of corporate customers on their competitive situation, and require banks to be highly flexible.

Performance was noticeably affected by the allocations to provisions required for legal and recourse risk in connection with investigations by US authorities.

Nevertheless, and despite the challenges described above, Commerzbank's operating business performed well in 2014. We achieved further growth in the Core Bank, gaining market share and expanding our customer base. Customer satisfaction was up in both the Private Customers and Mittelstandsbank segments and we were able to increase customer confidence. Commerzbank also boosted its stability again in 2014 by continuing to reduce risk and strengthen the capital base. Particularly important was the fact that Commerzbank not only passed the Comprehensive Assessment of the European Central Bank (ECB) at the end of the year, but actually exceeded the requirements comfortably. All the findings gathered from the ECB's feedback on the Comprehensive Assessment have been included in our 2014 annual financial statements on an economic and risk-adjusted basis in consistent compliance with IFRS accounting rules. The good result of the ECB's Comprehensive Assessment is testimony to the successful restructuring of Commerzbank over the past few years and confirms that we are on the right track with our efforts both to reduce our non-strategic portfolios and to expand our customer-focused business model.

This can also be seen in the good performance of our customer-oriented core segments, which was in line with forecast expectations for 2014 and even exceeded them in some areas.

Commerzbank Aktiengesellschaft's net profit improved significantly overall in the year under review to €282m, up from €166m last year. The Bank's performance in 2014 was therefore in line with our forecast expectations.

Report on events after the reporting period

Changes to the sales structure in the Private Customers and Mittelstandsbank segments

In mid-January 2015 Commerzbank announced plans to realign its sales structure in the core Private Customers and Mittelstandsbank segments over the course of the year. New growth initiatives should help the Bank move further along its chosen path.

In the Mittelstandsbank segment we will therefore continue to implement our strategy rigorously. We are investing in the quality of our advice and services, optimising our operating and sales processes and sharpening the profile of Mittelstandsbank among customers and the market. This will make the segment fit for future success in a changing environment for corporate business. Optimising the sales and head office structure in Germany is a key element of this and represents the first step in refocusing Mittelstandsbank on the customer. We want to meet the needs of our customers in an even more rapid and focused manner with simpler, direct structures.

The same applies to the planned new sales structure in the Private Customers segment. Here we are modernising the business with a mix of powerful multi-channel banking services and personal advice that will continue to be provided in-branch, especially in the case of complex issues such as investments, pensions and retail mortgage financing. We want to win customers across all channels in future, both online and in our branches. The business will become more tightly focused, with the aim of becoming our business customers' principal bank and gaining new market share. We also want to strengthen our position in wealth management using the good market position enjoyed by Mittelstandsbank.

The planned changes are still subject to approval by the employee representatives.

Further development of the customer-focused business model in the Corporates & Markets segment

Also in mid-January, the Corporates & Markets segment presented plans to roll out a new centre of competence model to bring together product and market expertise in the different locations. The aim is to generate synergies by industrialising production processes internally. Front and back office units will be allocated to Frankfurt for standardised trading solutions and to London for complex structured trading solutions. Subject to negotiations with employee representatives, the intention is to shift jobs from London to Frankfurt. Our customers will still be able to access all products and services from all locations.

Restructuring in Group Finance

At the start of February Commerzbank announced that as part of the regular review of its business processes it had decided to restructure the Group Finance division, which is the central managing and reporting unit for accounting, controlling, regulation and tax. In an environment of increasing regulation, the aim is to bundle tasks more closely together so they can be completed more cost-effectively. The Group Finance locations in Berlin and Duisburg will be closed by the end of 2017 and their responsibilities reallocated within the Group. Jobs will also be cut at the head office in Frankfurt. This will take place in several stages and is due to be completed by the end of 2018.

Ruling of the Federal Labour Court (Bundesarbeitsgericht) concerning the adjustment test in relation to occupational pension funds

In the middle of February, the Federal Labor Court published a ruling concerning the adjustment test in relation to indirect company pension payments. Commerzbank is presently evaluating the impact on the financial and personnel policy of the Bank. Commerzbank was not a party to the proceedings. Even so an impact of the Supreme Court Ruling on the indirect pension commitments made via the BVV Versicherungsverein des Bankgewerbes a.G. is possible, because contrary to the legal interpretation so far, an adjustment has to be made in principle also by occupational pension funds. A reliable estimate of the related contingent liability is not possible at present.

Moratorium on payments in relation to the liabilities of HETA ASSET RESOLUTION AG (HETA)

On 1 March 2015 the Austrian Financial Markets Authority (FMA) stated that no further capital- or liquidity measures would be taken in relation to HETA further to the Financial Market Stability Act.

The trigger is the result of an asset test and asset valuation with the proviso that a sale of assets can be realised in the larger part within 2 or 3 years. The result was communicated to the FMA at the end of February 2015. The result signifies that the equity capital of HETA will presumably not suffice to cover the losses and that herewith the obligations to creditors can no longer be met in full. In applying the BaSAG (Austrian Bank Restructuring Act), the FMA has therefore put HETA under its control and imposed a payment moratorium. Further to this, payments due until 31 May 2016 on securities issued by HETA, have been suspended.

The exposure of the Commerzbank-Aktiengesellschaft to HETA consists primarily of €11m securities classified as current assets (nominally: €15m), for which the Bundesland Kärnten has issued a fallback guarantee. A further €0.4bn securities are held by subsidiaries as current assets: these are also secured by a fallback guarantee of the Bundesland Kärnten. At the beginning of March 2015, prices for the securities in the market were quoted at between 40% and 50%. Commerzbank is presently evaluating its commercial and legal options.

There have been no other events of particular significance since the end of 2014.

Outlook and opportunities report

Future economic situation

Global economic growth is unlikely to be much faster in 2015 than it was in 2014. The biggest risks are expected to come from emerging markets. In China, real estate prices and borrowing have shot up in recent years, but the state has sufficient means to cushion the impact of the excesses. While this should prevent a collapse in economic growth, it will also support “lame” companies, which is likely to affect economic momentum in the years to come. We expect economic growth to slow from 7.4% to 6.5% in 2015.

The USA should see further decent growth of around 3.2% in 2015. No new spending cuts or tax hikes are planned that might hurt growth as they did in 2013. The US economy also profits from falling oil prices. Unemployment is likely to fall further, while wage growth should gradually accelerate. This will probably be a signal for the Federal Reserve to start normalising monetary policy, most likely by starting to raise its benchmark rate in stages in the second half of the year. We expect the Fed Funds rate to reach 1.5% by the end of the year.

Real gross domestic product – Change from previous year	2014	2015[1]	2016[1]
USA	2.4%	3.2%	2.8%
Eurozone	0.8%	1.1%	1.2%
Germany	1.5%	1.5%	1.7%
Central and Eastern Europe	1.9%	0.2%	2.8%
Poland	3.3%	3.5%	3.5%

[1] The figures for 2015 and 2016 are all Commerzbank forecasts.

Unlike the USA, the eurozone economy is likely to still see only a slow recovery. Real GDP growth is projected to be 1.1% in 2015, which is below average. While the huge fall in oil prices and the weaker euro will support the economy, the ongoing real estate excesses in some countries and the unresolved structural problems, especially in France and Italy, will continue to hold back growth.

The German economy is likely to once again outperform the eurozone as a whole in 2015. The marked depreciation of the euro improves the price competitiveness of German companies and boosts margins for foreign business. With demand from emerging markets unlikely to return to anywhere near former growth rates and the economies in the other eurozone countries continuing to stutter, German growth in 2015 will probably not exceed the 1.5% seen in 2014. The weak eurozone recovery and in particular the significantly negative rate of inflation may encourage the European Central Bank to further increase the scale of its bond purchase programme during the course of 2015.

The divergence in monetary policy between the USA and the eurozone suggests that the euro/US dollar exchange rate will come under further pressure. Yields on 10-year Bunds should rise slightly in the second half of the year as the Fed Funds rate increases, but this change in direction by the Fed is likely to hurt equity performance. Overall, though, German and European stocks should benefit from the fact the ECB's zero interest rate policy continues to drive investors into riskier assets.

Exchange rates	31.12.2014	31.12.2015[1]	31.12.2016[1]
Euro/US-dollar	1.21	1.04	0.99
Euro/Sterling	0.78	0.71	0.69
Euro/Zloty	4.27	4.30	4.20

[1] The figures for 2015 and 2016 are all Commerzbank forecasts.

Future situation in the banking sector

Our views regarding the expected development of the banking sector over the medium term have not changed since the statements published in the Interim Report as at 30 September 2014.

After brightening considerably in the previous year, the banking environment on the capital markets and in the real economy remained surprisingly robust on the whole in 2014. The basic economic tempo has slowed considerably, however, due not least to global geopolitical tensions, with even the German economy temporarily shifting onto a noticeably flatter growth trajectory in the middle of the year. Despite trending sideways over the summer, most major asset classes and financial markets ended the year with a gain (considerable gains in some cases), although volatility has to some extent picked up since the middle of the year. There was appreciable growth in acquisition and IPO business, while the number of corporate insolvencies in Germany fell to its lowest level since 1999. It is still too soon to sound the all-clear, however, since the euro crisis – with its complex interplay between government debt and financial and structural factors – is not so easily overcome. The recent political crisis in Greece has shown that uncertainty and volatility may increase again even if the stability of the system itself is not in doubt. The weakness of the eurozone recovery and the debt reduction required on the part of governments, companies and private households continues to weigh on the profitability of European banks.

The eurozone banking sector is in the middle of a long-term structural transformation triggered by the crisis of the last few years and more stringent regulatory requirements. The different rules for capital, liquidity, derivatives and bank structures could lead to further setbacks for global financial market integration.

The new, stricter regulatory framework based on rules rather than principles leaves banks little time to adapt their business models.

A now stronger capital base may in future be offset by reductions in implicit government guarantees. The ECB's Asset Quality Review and the bank stress test reduced the potential for major jitters in the banking environment, but a further reduction in debt levels and an improvement in asset quality are still key preconditions if the banking sector is to meet the tougher requirements of banking supervisors and fulfil investor expectations.

The pressure on the banking sector has strengthened as a result of regulation, structural transformation and competition, and this will be even more difficult to deal with because major profit drivers of the past, such as high economic and lending growth and a sharp decline in credit default rates, will be significantly less evident. Corporate investment activity should gradually boost the demand for loans in Germany this year after a pause in the capex upturn in 2014, but increased use of internal and alternative external funding sources is impeding a strong revival in lending to corporate customers. The expected revival in German foreign trade for full-year 2015 will surely be positive for corporate customer business provided global trade does indeed power ahead. Corporate insolvencies have been declining for five years, but this trend is likely to stall in 2015, meaning that loan loss provisions will no longer be so cushioned. In the private customer business, the sustained preference for highly liquid investments that pay little commission and an unwillingness to buy securities directly mean net commission income will only see slight growth, especially as the performance of the capital markets may well be more modest in 2015 after six good years in a row. Impulses for the sector are coming from employment, which is at an all-time high, and the still good prospects for real estate lending.

Historically low interest rates, which have fallen further since 2013, together with increasing price sensitivity on the part of customers and tougher competition from online banks and technology-driven players with banking licences, are a fundamental hindrance to the expansion of earnings potential. All in all, eurozone banks will have rather limited scope for boosting earnings in 2015.

The outlook for banking in our second core market, Poland, remains better than in the eurozone. The Polish economy will again grow significantly faster than the EU in 2015, while the size of the domestic market and the recovery of the labour market make the country an attractive place to invest and sell goods.

In general, the financial crisis will continue to leave its mark in the shape of growth curbed by deleveraging, still relatively low interest rates, spreads that have recently tightened again, moderate growth in lending, and caution and a preference for cash among customers. Against this background, competition in the national banking market will intensify further, particularly as regards internationally active corporate customers and German SMEs. For the time being, however, there will be no change in Germany's market structure, which is fragmented and in some cases also suffers from overcapacity.

Managing opportunities at Commerzbank

Commerzbank is reacting to the ongoing challenging conditions such as tougher regulation, low interest rates, changing customer behaviour and new technology-driven players discussed in "Future situation in the banking sector" by pursuing its growth path in the Core Bank and strict cost management and continuing the successful reduction strategy in the Non-Core Assets segment. By consistently orienting its business model to the needs of its customers and the real economy, the Bank should be able to increase its profitability, even if the economy only grows modestly. This should enable Commerzbank to reinforce its position as a leading bank for private and corporate customers in Germany and Poland, even though the environment remains challenging.

Because the Bank is winding down non-strategic portfolios while preserving value, and keeping costs steady, it can invest in new products and services and further stabilise its earnings power. The focus is on being a multi-channel bank with processes, products and service offerings tailored to the needs of customers and their traditional values. The Bank is also aiming to increase market share by slashing bureaucracy, delegating responsibility to the regions and streamlining management structures. The good result in the ECB's comprehensive assessment and the confirmation of resilience and stability in the stress test are encouraging signs for the Bank's strategic direction.

In the private customer business, it is reacting to the persistently challenging conditions described above by building a modern multi-channel bank with the emphasis on customer satisfaction and developing its successful product offering, for example in retail mortgage financing and securities business. The Bank will seize the opportunities offered by digitisation to gain new customers and modernise its organisation with faster communication, shorter consultation paths and more responsibility in local teams.

The Mittelstand business will maintain its successful business model and invest in expanding its international presence, advisory quality and services, with the aim of defending and reinforcing its market leadership in German Mittelstand banking with unparalleled regional coverage. Flatter hierarchies and greater regional market responsibility will make the Bank even more customer-focused, efficient and responsive.

The Central & Eastern Europe business area will continue its successful organic growth path and build on the proven universal bank model. Having launched a modern online banking platform and a new image, mBank is modernising its branch network to focus rigorously on being close to customers.

In Corporates & Markets, the Bank has opportunities from the expansion of its Group-wide investment banking model for Core Bank customers and from closely interlinking its capital market orientation and corporate customer relationship approach. It will focus on core strengths and further optimise efficiency and profitability.

Anticipated performance of Commerzbank Aktiengesellschaft

The pleasing performance in 2014 is a sign that the strategic reorientation of Commerzbank is on track to achieve sustainably higher profitability by 2016 by developing the business model. Although we expect conditions to remain challenging in 2015, a combination of growth initiatives and sustained tight cost and risk control should allow us to achieve further progress in 2015. This year we are aiming to further boost business volumes in the Core Bank and increase operating income in both the core segments and the Group as a whole. The low (and now even lower) level of interest rates and modest economic growth forecast for Germany and Europe is likely to act as a drag for large parts of the year, however, restricting the planned growth in customer business volumes and the income base. The expected slight increase in overall Group income is therefore mainly due to the improved market position we have achieved in the core business, which we feel is sustainable.

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 expect to see the following developments in 2015 in this regard:

Anticipated performance of individual earnings components

Net interest income in 2015 will largely be determined by the extent to which the impact of extremely low interest rates and a flat yield curve can be offset by rising lending volumes and active countermeasures. In the Core Bank, Commerzbank intends to exploit the improved competitive position achieved last year in the private and corporate customer business to gain more market share and boost growth in retail mortgages and Mittelstand loans in particular. Companies' unwillingness to invest, which is reflected in low demand for credit, should gradually lessen as the year progresses. We will cut deposit funding costs again by adjusting conditions, although there is less and less scope to do so. We anticipate a decline in income from asset/liability management, since many forms of liquidity are now paying negative interest rates. We anticipate higher net interest income in the Non-Core Assets segment despite the good progress made in reducing the portfolio. Firstly, we are countering the decline in interest-bearing assets by raising margins when loans are rolled over. Secondly, liquidity costs are likely to fall as the pace of reduction slows slightly and segment assets and liabilities follow a steadier path. A non-recurring negative effect incurred last year in connection with a portfolio transaction will also not be repeated. Overall, we expect a slight rise in net interest income at Group level for the current year.

We are targeting a slight increase in net commission income in 2015. Income in the private customer business is now increasingly steady, and we expect further positive effects from our more customer-focused advisory approach. If capital market volatility remains as expected, the trend towards increased customer activity in securities business should persist. We expect higher commission income from Mittelstand customers, including in foreign business and cash management, because of the strong international market position. It is difficult to forecast net trading income because of the unpredictability of developments on the global financial markets. Especially in view of the sharp rise in capital market volatility in the second half of 2014, however, Commerzbank's risk-oriented approach of deliberately not engaging in proprietary trading activities should pay off.

We believe loan loss provisions in 2015 for the Group as a whole will be in line with last year. We are expecting a normalisation, i.e. higher loan loss provisions, in the Core Bank. Although net releases of provisions as reported in the Corporates & Markets segment in 2014 are unlikely to be repeated, provision expense should remain relatively low in historic terms.

The improvement in the quality of the NCA portfolio and much smaller holdings of commercial real estate and shipping financing should permit a further significant reduction in loan loss provisions compared with 2014. As was the case last year, most of the risk cost relates to ship financing, where there is no sign as yet of a broad-based and sustainable recovery in the difficult environment.

There will be no let-up in Commerzbank's strict cost management in 2015. This should enable us to compensate for investments to increase future profitability and the rising costs involved in implementing regulatory measures. All in all, operating expenses (including the significantly higher burden anticipated from the banking levy) should remain stable this year at around €7.0bn.

At the tax line we anticipate a negative effect this year due to plans announced in the UK to restrict the offsetting of tax loss carryforwards against future profits.

Anticipated segment performance

All activities in the Core Bank are focused on constantly developing the business model. In the NCA segment we want to continue reducing the portfolio in line with our objectives in terms of speed, risk reduction and operating income.

We reached a modernisation milestone in the private customer business last year by achieving direct bank capability. We have a competitive advantage on the road to becoming a genuine multi-channel bank, one that, along with the recognised high quality of our service and advice, we are keen to exploit to gain additional market share among private and business customers. We wish to continue our above-average growth in lending business by focusing on real estate financing. We are aiming to grow our income base through a combination of deeper penetration of existing customers and growth in net new customers similar to the level seen in 2014. We expect operating profit in the Private Customers segment to rise again in 2015, but not by as much as in 2014. Operating return on equity should rise slightly year-on-year, but as income is expected to rise the cost/income ratio should decline sharply again.

Mittelstandsbank will also focus on business growth, primarily by gaining new customers, particularly smaller SMEs. Given our strong market position we also intend to further intensify our close relationships with customers, seeking growth in international business in particular. In 2014, for instance, Commerzbank significantly expanded corporate business with Swiss companies by setting up local offices.

Given the higher income base, we anticipate we can increase operating profit slightly year-on-year in 2015. Operating return on equity should improve slightly this year, while the cost/income ratio should stabilise at its current good level.

In the Central & Eastern Europe segment we see further scope for profitable growth in the medium term. In Poland, which is delivering a better economic performance than Western Europe, Commerzbank has the leading direct bank platform and an attractive and still growing customer base thanks to its majority stake in mBank. In our view, rising income from lending and deposit business with corporate and private customers will make up for a potential tightening of interest rate margins as the Polish central bank continues to cut rates. The marked improvement in the cost/income ratio last year will probably not be repeated and will be slightly higher year-on-year due to planned greater investments to strengthen and expand the market position. We therefore believe that operating profit may decline slightly year-on-year, and this will be reflected in a somewhat lower operating return on equity.

The comparatively large share of total income attributable to volatile measurement effects and persistent, sometimes unpredictable, regulatory trends makes forecasting the income of the Corporates & Markets segment a relatively uncertain task. In the absence of any unexpected major volatility on the capital markets, however, we do not expect customer activity on the primary and secondary markets to be materially different from last year. Income from capital markets business should therefore also be relatively stable compared with 2014. On the cost side, we anticipate an impact from efficiency measures launched last year. We expect a cost/income ratio on the level of 2014. After net releases of loan loss provisions in 2014, we expect a return to net additions this year. This normalisation of loan loss provisions is the main reason why we expect operating income to fall slightly in 2015. The possibility that the segment will need more regulatory capital cannot be ruled out, so the operating return on equity could fall more sharply than the change in earnings.

Even though the reduction in interest-bearing assets has been much faster than planned over the last two years, we still anticipate a significant improvement in operating profit in the Non-Core Assets segment this year. One reason for this is the sharp improvement in portfolio quality, which we expect will result in a further major reduction in loan loss provisions. Higher margins on the existing portfolio are also likely to increase the income base. We will again cut operating expenses slightly.

As part of the value-preserving reduction strategy we expect further significant progress in 2015 towards our objective of cutting the commercial real estate and shipping financing portfolios to a total of some €20bn by the end of 2016. This forecast does not include any large portfolio transactions of the type seen in each of the past two years. We are assuming that the speed of portfolio reduction will slow overall in 2015, but we will not be relaxing our efforts to continue to improve portfolio quality.

General statement on the outlook for the Group

The progress that has been made in the strategic reorientation of the Commerzbank business model and the associated increased resilience to the still very challenging overall conditions for banking business is reflected in our forecast for the full year.

Despite the challenging economic and capital market environment in the current year, we expect a slight increase in the operating return on equity for the Core Bank due to the planned internal equity allocation following the continued reduction of non-strategic portfolios. The cost/income ratio will probably fall slightly year-on-year.

For 2015 we expect consolidated profit to be significantly above 2014, both before and after tax. The increase will be slightly less than at the operating profit level, because the expense for banking levies will be sharply higher in 2015. We therefore expect the consolidated return on equity to also improve significantly, while the cost/income ratio should fall slightly. In the year under review the Commerzbank Group posted a sharp improvement in economic value added compared with 2013. This was largely the result of the significantly higher consolidated profit. We expect this trend to continue in 2015.

Based on our current estimates, we anticipate a net profit in Commerzbank Aktiengesellschaft’s parent company financial statements in 2015, which – subject to a further strengthening of reserves – will be significantly higher than in the previous year.

Following the improvement of 30 basis points in the Basel 3 core capital ratio last year to 9.3% (on a “fully phased-in” basis, i.e. according to our interpretation of the rules that will apply from 2019), we are assuming that in 2015 we will take a step towards our aim of achieving a ratio of over 10% by the end of 2016. This forecast does not rule out fluctuations in the ratio over time. Changes in the interpretation of existing rules and the structure of the norms that have to be implemented in future may have a temporary impact on capital ratios.

Commerzbank has become much more resistant to negative external influences in recent years. Nevertheless, at the start of 2015 numerous risk factors can be identified that could have a major but currently unquantifiable impact on the profit forecast for the year should events take an unfavourable turn. These include the still uncertain economic situation in Europe, where the sovereign debt crisis could flare up again following political changes in Greece. Geopolitical tensions have also risen owing to the military conflict in Ukraine.

The increased global risk of terrorism should also be mentioned. Significant turbulence on capital markets is possible, for instance in the event of divergent international interest rate trends. Yields on some government bonds in Germany, Switzerland and Japan, for example, have fallen into negative territory, whereas the economic situation in the USA could potentially allow interest rates to start moving steadily upwards. Major interest rate differentials between the major economies could also lead to further strong currency volatility and considerable turbulence in other asset classes.

Risk report

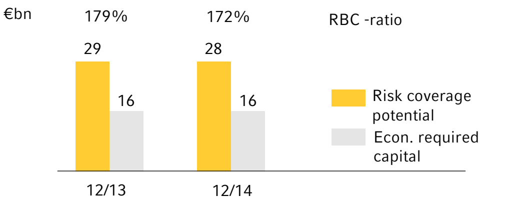
Risk reporting takes place according to the internal risk management of Commerzbank at the Group and segment level. The basis for this is formed by the financial figures according to IFRS as well as the key risk parameters according to the regulatory requirements. The financial data and key risk parameters of the Private Customers, Mittelstandsbank and Corporates & Markets segments as well as of the sub-segment Deutsche Schiffsbank (part of Non-Core Assets segment – NCA) relate mainly to Commerzbank Aktiengesellschaft. The key figures of the segment Central & Eastern Europe relate mainly to mBank in Poland, while the key figures of the sub-segments Commercial Real Estate and Public Finance of the NCA segment relate mostly to Hypothekenbank Frankfurt AG.

Executive summary 2014

Solid capitalisation and high risk-bearing capacity

- The risk coverage potential was kept virtually stable at €28 bn.
- The risk-bearing capacity ratio was on a high level at 172%.

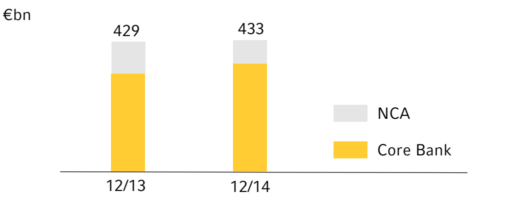
Risk bearing capacity



Significant exposure reduction in Non-Core Assets

- The NCA exposure in the performing loan book was reduced by €28bn to €78bn in the course of the year.
- In contrast, the exposure in the Core Bank could be increased from €323bn to €355bn. Thus 80% of the total exposure are associated with the Core Bank now.

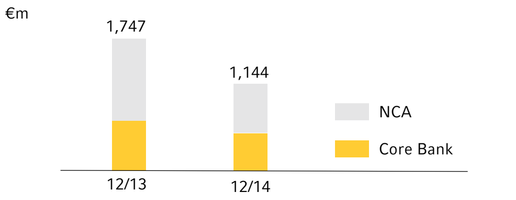
EaD



Loan loss provision for the Group decreased by more than one third to €1,144m

- The loan loss provision in NCA was significantly reduced, particularly in CRE.
- The decrease in the Core Bank mainly occured in the Private Customers and Mittelstandsbank segment.

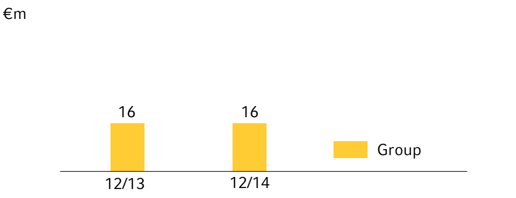
Loan loss provisions



Market risk in the trading book stable in the course of the year 2014

- The VaR in the trading book remained stable in the course of the year at €16m.
- The increase in FX risks was compensated by lower credit spread risks.

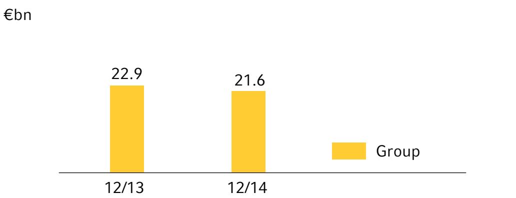
VaR



Decrease in operational risks year-on-year

- Risk-weighted assets from operational risks slightly decreased from €22,9bn to €21,6bn.
- Accordingly, at €1.8bn, the economically required capital for OpRisk is slightly below the previous year’s level.

Risk-weighted assets from operational risk



The following Risk Report is also part of the Management Report. Due to rounding, numbers and percentages may not add up precisely to the totals provided.

Risk-oriented overall bank management

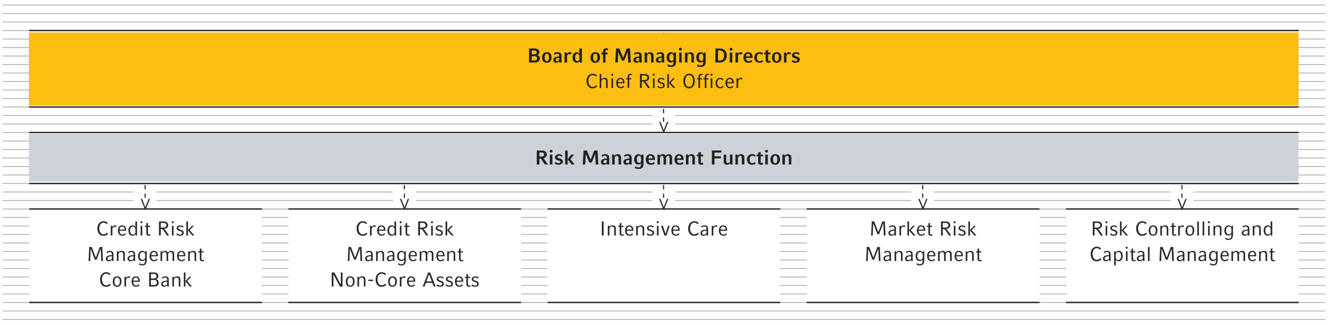
Commerzbank defines risk as the danger of possible losses or profits foregone due to internal or external factors. In risk management, we normally distinguish between quantifiable and non-quantifiable types of risk. Quantifiable risks are those to which a value can normally be attached in financial statements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

Risk management organisation

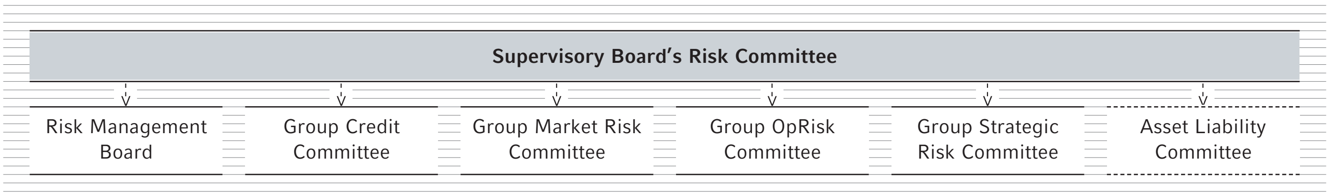
Risk Management in Commerzbank is an overarching bank mission and follows the principle of the "three lines of defense". Each unit (segments and functions) forms the first line of defense within its framework of operative responsibility. For credit, market and liquidity risk the responsibility for the second line of defense lies with the Chief Risk Officer (CRO). The CRO is responsible for implementing the Group's risk policy guidelines laid down by the Board of Managing Directors, and for the controlling of operational risks. For other risks (e.g. IT risks or legal risks) the responsibility for the second line of defense is located predominantly outside the risk function. The third line of defense is comprised of internal and external control bodies (e.g. internal audit and external auditors).

The CRO is responsible for the risk controlling and regularly reports to the Board of Managing Directors and the Risk Committee of the Supervisory Board on the risk situation within the Group.

The responsibilities within the risk function are split between Credit Risk Management Core Bank, Credit Risk Management Non-Core Assets (NCA), Intensive Care, Market Risk Management and Risk Controlling and Capital Management. In the Core Bank segments, credit risk management is separated into a performing loan area and Intensive Care, while in the NCA segment it has been merged into a single unit across all rating classes. All divisions have a direct reporting line to the CRO. The heads of these five risk management divisions together with the CRO make up the Risk Management Board within Group Management.



The Board of Managing Directors has sole responsibility for fundamental strategic decisions. The Board of Managing Directors has delegated the operational risk management to committees. Under the relevant rules of procedure, these are the Group Credit Committee, the Group Market Risk Committee, the Group OpRisk Committee and the Group Strategic Risk Committee, which decides on risk issues of an overarching nature. The CRO chairs all these committees and has the right of veto. In addition, the CRO is a member of the Asset Liability Committee.



The **Supervisory Board's Risk Committee** comprises the Chairman of the Supervisory Board and at least four further Supervisory Board members. The Risk Committee is charged, among other tasks, with monitoring the risk management system and dealing with all risks, particularly with regard to market, credit, operational risk as well as reputational risk. The Board of Managing Directors informs the Risk Committee about the Bank's risk situation on a regular basis (four meetings a year).

The **Risk Management Board** deals with important current risk topics as a discussion and decision-making committee within the risk function. In particular, it makes decisions on strategic and organisational developments for the risk function and is responsible for creating and maintaining a consistent risk culture.

The **Group Credit Committee** is the decision-making committee for operational credit risk management below the Board of Managing Directors, comprising two representatives each from the back office and front office. It is chaired by the CRO or his deputy. The Group Credit Committee operates on the basis of the credit risk strategy. It takes decisions in line with the competencies delegated to it by the Board of Managing Directors.

The **Group Market Risk Committee** monitors market risk throughout the Group and manages limit requirements in line with risk-bearing capacity. To do this, all market risks from the trading and banking book are analysed to identify risks early and for active risk management purposes. In addition to minimising risk and avoiding losses, the focus here is on optimising the risk/return profile at an aggregated level.

The **Group OpRisk Committee** (OpRiskCo) is responsible for managing operational risks within the Group and in this regard acts as the highest escalation and decision-making committee below the Board of Managing Directors. The OpRiskCo also addresses all important regulatory issues that arise in connection with the management of operational risks and the implementation of the advanced measurement approach (AMA) within the Group. In addition, it deals with standards on governance and assessing the functioning of the Internal Control System (ICS) within the Commerzbank Group.

The **Group Strategic Risk Committee** acts as the discussion and decision-making committee for all types of risk, and its main objective is to monitor and manage risks at portfolio level. This covers risk measurement, risk transparency and risk management.

The central **Asset Liability Committee** is the Commerzbank Group committee responsible for the Group-wide and integrated management of financial resources, namely capital, liquidity and balance sheet structure as well as interest surplus, in accordance with the regulatory framework. The central Asset Liability Committee monitors in particular the Group's risk-bearing capacity and, as such, plays an important part in our Internal Capital Adequacy Assessment Process (ICAAP).

The Chairman of the Board of Managing Directors (CEO) bears responsibility for controlling risks related to the Bank's business strategy, reputational risks and legal risks. The Chief Financial Officer (CFO) assumes responsibility for controlling compliance risk with particular regard to investor protection, insider trading guidelines and money laundering. The Chief Operating Officer (COO) is responsible for monitoring personnel and IT risks.

Risk strategy and risk management

The overall risk strategy, together with the business strategy, defines the strategic risk management guidelines for the development of Commerzbank's investment portfolio. Furthermore, the risk appetite is set as the maximum risk that the Bank is prepared and able to accept while following its business objectives without exposing itself to existential threats over and above the risks inherent in the business. The guiding idea is to ensure that the Group holds sufficient liquidity and capital. Based on these requirements, suitable limits for the risk resources capital and liquidity reserve available to the Group are defined. The overarching limits of the overall risk strategy are consistent with the recovery indicators of the recovery plan.

Banks' core functions as transformers of liquidity and risk result in inevitable threats that can in extreme cases endanger the continued existence of the institution. For Commerzbank, in view of its business model, these inherent existential threats include the default of Germany, Poland, one or more of the other major EU countries (France, Italy, Spain or the UK) or the long-term default of the USA. Others include a deep recession lasting several years with serious repercussions for the German economy, the collapse of the financial markets, the collapse of global clearing houses or a bank run. These existential threats are taken on board deliberately in the pursuit of the business targets. It may be necessary to adjust the business model and hence the business and risk strategies if the Board of Managing Directors' assessment of these threats to Commerzbank changes substantially.

The overall risk strategy covers all material risks to which Commerzbank is exposed. It is detailed further in the form of sub-risk strategies for the risk types which are material. These are then specified and made operational through policies, regulations and instructions/guidelines. By means of the risk inventory process – which is to be carried out annually or on an ad hoc basis as required – we ensure that all risks of relevance to the Group are identified and their materiality is assessed. The assessment of the materiality of a risk is based on whether its occurrence could have a major direct or indirect impact on the Bank's risk-bearing capacity.

As part of the planning process, the Board of Managing Directors decides the extent to which the risk coverage potential of the Group should be utilised. On that basis, individual types of risk are limited in a second stage. A capital framework is allocated to the management-relevant units through the planning process. Compliance with limits and guidelines is monitored during the year, and adjustments are made where required. In addition, further qualitative and quantitative early warning indicators are established in the overall risk strategy and recovery plan. Potential negative developments can be identified at an early stage with the help of these indicators.

One of the primary tasks of risk management is the avoidance of risk concentrations. These can arise from the synchronous movement of risk positions both within a single risk type (intra-risk concentrations) and across different risk types (inter-risk concentrations). The last one results from common risk drivers or from interactions between different risk drivers of different risk types.

By establishing adequate risk management and controlling processes, we provide for the identification, assessment, management, monitoring and communication of substantial risks and related risk concentrations. Therefore we ensure that all Commerzbank-specific risk concentrations are adequately taken into account. A major objective is to ensure early transparency regarding risk concentrations, and thus to reduce the potential risk of losses. We use a combination of portfolio and scenario analyses to manage and deal with Commerzbank-specific inter-risk concentrations. Stress tests are used to deepen the analysis of risk concentrations and, where necessary, to identify new drivers of risk concentrations. Management is regularly informed about the results of the analyses.

Under the “three lines of defence” principle, protecting against adverse risks is an activity that is not restricted to the risk function. Each unit (segment or function) forms the first line of defence within its area of operational responsibility and is responsible for identifying and managing risks within it while complying with the prescribed risk standards and policies. For example, the front office forms the first line of defence in all business decisions and has to take risk aspects into account in reaching them. The second line of defence for each type of risk lays down standards for appropriate management of risks of that type, monitors this and ensures the application of such standards, and analyses and evaluates the risks. The risk function forms the second line of defence against credit and market risks associated with business decisions. Particularly for credit risk, this includes the involvement in the credit decision process through means of a second vote. Units outside the risk function (Group Compliance and Group Finance) also operate as the second line of defence for certain risk types. The third line of defence is made up of internal and external control bodies (e.g. internal auditors and external auditors).

Under the previous provisions of the Remuneration Ordinance for Institutions (Institutsvergütungsverordnung), every year Commerzbank identified those employees who have a material impact on Commerzbank’s overall risk profile (risk takers). These risk takers are identified on the basis of their function within the organisation (including management level) and their function-related activities that have a potential influence on the Bank’s overall risk profile. Due to their particular importance for the Bank’s overall results, special regulations apply to these employees for measuring their performance and determining their variable remuneration. The EU Delegated Regulation, specifying qualitative and appropriate quantitative criteria for identifying categories of staff whose professional activities have a material impact on an institution’s risk profile, entered into force on 26 June 2014. As a result, more Commerzbank employees were identified as risk takers.

Risk ratios

Commerzbank uses a comprehensive system of ratios and procedures for measuring, managing and limiting various types of risk. The most important of these are listed below:

Economically required capital (ErC) is the amount that corresponding to a high confidence level (currently 99.91% at Commerzbank) will cover unexpected losses arising from risk positions.

The **risk-bearing capacity ratio (RBC ratio)** indicates the excess coverage of the economically required capital by the risk coverage potential. Risk-bearing capacity is deemed to be assured as long as the RBC ratio is higher than 100%.

Exposure at default (EaD) is the expected exposure amount taking into account a potential (partial) drawing of open lines and contingent liabilities that will adversely affect risk-bearing capacity in the event of default. For Public Finance securities, the nominal is reported as EaD.

Expected loss (EL) measures the potential loss on a loan portfolio that can be expected within one year on the basis of historical loss data.

Risk density is the ratio of expected loss to exposure at default and thus represents the relative risk content of an exposure or a portfolio.

Value at risk (VaR) is a methodology for quantifying risk. It involves setting a holding period (such as one day) and a confidence level (such as 97.5%). The VaR value then denotes the relevant loss threshold that will not be exceeded within the holding period with a probability in line with the confidence level.

Credit value at risk (CVaR) is the economic capital requirement for credit risk with a confidence level of 99.91%. The term results from the application of the value at risk concept to credit risk measurement. Credit VaR is an estimate of the amount by which losses from credit risks could potentially exceed the expected loss within a single year, i.e. unexpected loss. The idea behind this approach is that expected loss simply represents the long-term average of lending losses, but this may vary (positively or negatively) from actual credit losses for the current business year.

In relation to bulk risk, the **"all-in" concept** comprises all customer credit lines approved by the Bank in their full amount – irrespective of the loan utilisation to date. It is independent of statistically modelled parameters and comprises internal as well as external credit lines.

Risk-bearing capacity and stress testing

Risk-bearing capacity analysis is a key part of overall bank management and Commerzbank's Internal Capital Adequacy Assessment Process (ICAAP). The purpose is to ensure that sufficient capital is held for the risk profile of Commerzbank Group at all times.

Commerzbank monitors risk-bearing capacity using a gone concern approach which seeks primarily to protect unsubordinated lenders. This objective should be achieved even in the event of extraordinarily high losses from an unlikely extreme event. The gone concern analysis is supplemented here by elements aimed at ensuring the institution's continuing existence (going concern perspective).

When determining the economically required capital, allowance is made for potential unexpected fluctuations in value. Where such fluctuations exceed forecasts, they must be covered by the available economic capital to absorb unexpected losses (economic risk coverage potential). The quantification of the economic risk coverage potential is based on a differentiated view on the accounting values of assets and liabilities and involves economic valuations of certain balance sheet items.

The capital requirement for the risks taken is quantified using the internal economic capital model. When assessing the economic capital required, allowance is made for all the types of risk at Commerzbank Group that are classified as material and quantifiable in the annual risk inventory. The economic risk approach therefore also comprises risk types that are not included in the regulatory requirements for banks' capital adequacy. It also reflects diversification effects incorporating all types of risk. The confidence level of 99.91% in the economic capital model is in line with the underlying gone concern assumptions and ensures the economic risk-bearing capacity concept is internally consistent.

The quantifiable risks in the economic capital model can be divided into default risk, market risk, operational risk and (although not shown separately in the table below) business risk, property value change risk, investment portfolio risk and reserve risk. Business risk is the risk of a potential loss resulting from discrepancies between actual income and expense and the respective budgeted figures. Business risk is considered as a deductible amount in risk coverage potential. Investment portfolio risk indicates the risk of an unexpected fall in the value of unlisted investments, while property value change risk is the risk of an unexpected fall in the value of owned property (especially real estate). Reserve risk is the risk of additional charges being incurred on the portfolio of loans already in default through the creation of additional loan loss provisions. Allowance is made for the above risks when considering risk-bearing capacity by means of a risk buffer. The results of the risk-bearing capacity analysis are shown using the risk-bearing capacity ratio (RBC ratio), indicating the excess of the risk coverage potential in relation to the economically required capital.

The risk-bearing capacity is monitored and managed monthly at Group level. Risk-bearing capacity is deemed to be assured as long as the RBC ratio is higher than 100%. In 2014, the RBC ratio was consistently above 100% and stood at 172% on 31 December 2014. The RBC ratio remained stable at a high level over the course of the year.

Risk-bearing capacity Group | €bn	31.12.2014	31.12.2013
Economic risk coverage potential[1]	**28**	**29**
Economically required capital[2]	**16**	**16**
thereof for default risk	12	12
thereof for market risk	3	4
thereof for operational risk	2	2
thereof diversification effects	−2	−2
RBC ratio[3]	**172%**	**179%**

[1] Including potential deductible amounts for business risk.
[2] Including property value change risk, risk of unlisted investments and reserve risk.
[3] RBC ratio = economic risk coverage potential/economically required capital (including risk buffer).

Commerzbank uses macroeconomic stress tests to review the risk-bearing capacity in the event of assumed adverse changes in the economic environment. The scenarios on which they are based take into account the interdependence in development between the real and financial economies and extend over a time horizon of at least two years. They are updated quarterly and approved by the Asset Liability Committee (ALCO). The scenarios describe an extraordinary but plausible adverse development in the economy, focusing in particular on portfolio priorities and business strategies of relevance to Commerzbank. The simulation is run monthly using the input parameters of the economic capital requirements for all material and quantifiable risk types. It reflects the forecast macroeconomic situation. In addition to the capital required, the profit and loss calculation is also subjected to a stress test based on the macroeconomic scenarios. Based on this, changes in the risk coverage potential are simulated. In the same way as the RBC ratio is incorporated into Commerzbank's limit system, explicit limits on risk-bearing capacity are set as an early warning system in the stressed environment. The ongoing monitoring of the limit for the unstressed and stressed RBC ratio is a key part of internal reporting. Defined escalations are triggered if the limit is breached.

In addition to the regular stress tests, so-called reverse stress tests are implemented annually at Group level. Unlike regular stress testing, the result of the simulation – a sustained threat to the Bank – is determined in advance. The aim of the analysis process in the reverse stress test is to improve the transparency of Bank-specific risk potential and interactions of risk by identifying and assessing extreme scenarios and events. On this basis, for instance, action fields in risk management including the regular stress tests can be identified and taken into account in the ongoing development efforts.

In addition to the internal stress testing of the economic risk-bearing capacity, Commerzbank also participated in the comprehensive assessment carried out by the European Central Bank (ECB) and passed the associated regulatory stress test. On the basis of an asset quality review (AQR) as at 31 December 2013, a stress test was conducted throughout the EU. Under the baseline stress test scenario, taking the AQR results into account, Commerzbank recorded a CET1 ratio of 11.4% and was therefore significantly above the hurdle of 8.0%. The Bank's CET1 ratio at 8.0% was also well above the 5.5% hurdle under the adverse scenario in the stress test. Additional information on this can be found in the "Important human resources and business policy events" section in the Group Management Report.

In 2014, the risk-weighted assets resulting from Commerzbank's business activities increased from €191bn to €215bn. This increase was primarily attributable to the first-time application of Basel 3. The increase in volume in the Core Bank targeted under the business strategy is countered by the ongoing reduction of Non-Core Assets (NCA). The reduction in NCA included in particular the disposal of commercial real estate financing portfolios in Spain and Japan and of a non-performing loan portfolio in Portugal.

The table below gives an overview of the distribution of risk-weighted assets, broken down by segment and risk type:

Risk-weighted assets as at 31.12.2014 | €bn	**Default risk**	**Market risk**	**Operational risk**	**Total**
Core Bank	**135**	**15**	**20**	**170**
Private Customers	18	0	9	28
Mittelstandsbank	67	1	3	71
Central & Eastern Europe	13	0	0	14
Corporates & Markets	20	11	5	36
Others and Consolidation	17	3	3	22
Non-Core Assets	**39**	**5**	**1**	**45**
Commercial Real Estate	12	0	1	13
Deutsche Schiffsbank	11	0	0	11
Public Finance	15	5	0	20
Group	**174**	**20**	**22**	**215**

Regulatory environment

With Basel 3, the Basel Committee on Banking Supervision published among other things comprehensive rules on the components of shareholders' equity and ratios as well as the management of liquidity risk. The Capital Requirements Directive (CRD) IV package of measures, constituting the European implementation of Basel 3, has been in force since 1 January 2014. The more stringent capital requirements will be phased in by 2019. During 2014, the European Banking Authority (EBA) published numerous supplementary regulations (RTS, ITS, guidelines, etc.), which will gradually enter into force. This will continue in 2015 and onwards. Commerzbank has prepared itself for the more stringent capital adequacy requirements by taking a number of steps.

In addition, under Basel 3 the leverage ratio is being introduced as a new and non-risk sensitive indicator of indebtedness. Final calibration of the leverage ratio is intended to be completed by 2017, and the ratio is expected to become a minimum supervisory requirement under pillar 1 from 2018 onwards. However, there has been a requirement to report the leverage ratio to the supervisory authority since the CRR entered into force. Commerzbank has set its own leverage ratio targets and applies them in its capital management process.

As part of the liquidity requirements, the reporting expectations of supervisory authorities will be more specified by including particularly two liquidity ratios, namely the Liquidity Coverage

Ratio (LCR) and the Net Stable Funding Ratio (NSFR). The LCR was adopted by the European Union as part of the "delegated act" on 17 January 2015 and will be binding on all European banks with effect from 1 October 2015. The Basel Committee approved the final version of the NSFR in October 2014, and it is expected to enter into force on 1 January 2018. Its transposition into European law is pending. The consultation on the disclosure requirements relating to the NSFR will end on 6 March 2015. Commerzbank is already calculating both ratios as part of its regulatory reporting processes and will communicate them in its internal reporting.

The principles for risk data aggregation and internal risk reporting, published by the Basel Committee on Banking Supervision in early 2013, are being implemented as part of a Group-wide project in Commerzbank. Banks of global systemic relevance, along with certain other selected banks, will be obliged to comply fully with the principles from the beginning of 2016. In the year under review, Commerzbank has in particular developed and extended a system of "data trees" for documenting the data on which reports are based and laid the foundations for the data governance applicable to them.

The Group-wide recovery plan has been adapted in line with the Minimum Requirements for the Design of Recovery Plans (MaSan), which was available since April 2014 and was put into effect in January 2015. In the recovery plan, we describe in detail for instance the courses of action and recovery potential available to the Bank in the event of a crisis and which specific recovery measures, in various stress scenarios, will enable the Bank to complete its recovery. As the European and German regulations and requirements are finalised, we will further develop our recovery plan accordingly.

On 4 November 2014, following the completion of the comprehensive assessment (AQR/stress test, additional information on this can be found in the "Important human resources and business policy events" sub-section in the Group Management Report), direct supervision of Commerzbank was transferred from BaFin/Bundesbank to the ECB as part of the Single Supervisory Mechanism (SSM). To perform its supervisory functions, the ECB has set up Joint Supervisory Teams (JSTs) for each financial institution group that it directly supervises, made up of its own staff and officials from the national supervisory authorities.

In 2014, a start was also made on finalising the Single Resolution Mechanism, which is intended to complement the Single Supervisory Mechanism. Thus, from 2016 onwards, a "Single Resolution Board" will take over responsibility for reorganising the affairs of at-risk banks supervised by the ECB. In addition, from 2016 onwards, banks in the area covered by the SSM will start to finance the Single Resolution Fund.

Commerzbank is also monitoring and evaluating other current developments as regards regulatory projects. Particularly worthy of note at global level are the efforts of the Basel Committee on Banking Supervision to address interest rate risk in the banking book, to limit national discretion and to revise disclosure under pillar 3. At the European level, during 2015 Commerzbank will monitor the ongoing consultation process on the evaluation of "other systemically important institutions" (O-SIIs) and the resulting stipulation of an O-SII buffer.

The Enhanced Disclosure Task Force (EDTF) has published a number of fundamental principles and recommendations for improved reporting across all areas of risk management. Commerzbank has largely taken these recommendations into account in this Annual Report 2014 and in the Disclosure Report 2014. The scope and timing of implementation are still being reviewed for certain areas.

Commerzbank operates in markets subject to national and supranational regulation. In addition, it is subject to the overarching requirements imposed by accounting standards. Changes in regulatory requirements and accounting standards, which have grown increasingly frequent and material in recent years, may have lasting implications for – and even threaten the survival of – the financial industry in general and Commerzbank's business model in particular. Commerzbank participates actively and at an early stage in the consultation processes aimed at preparing for the constant changes in the operating environment.

Default risk

Default risk refers to the risk of losses due to defaults by counterparties. For Commerzbank, the concept of default risk embraces not only the risks associated with defaults on loans, but also counterparty and issuer risks as well as country and transfer risk.

Strategy and organisation

The credit risk strategy is derived from the overall risk strategy and is the partial risk strategy for default risks. It forms a central anchor point for the Group-wide management of default risk and is embedded in the ICAAP process of the Commerzbank Group. As such, it makes an important contribution to maintaining the risk-bearing capacity.

It describes the strategic areas of action and gives an overview of the important management concepts in credit risk management – particularly for the management of the most important risk concentrations.

The credit risk strategy is a link between the Bank's overall risk management across all risk types and the operationalisation of default risk management. It relies on quantitative and qualitative management tools that take account of the specific requirements of the Core Bank and the NCA portfolio.

Quantitative management is carried out using clearly defined economic and regulatory indicators at Group, segment and portfolio level. The aim is to ensure an adequate portfolio quality and granularity in addition to risk-bearing capacity.

Qualitative management guidelines in the form of credit policies define the target business of the Bank. At the level of individual transactions, they regulate the transaction type with which the risk resources provided are to be used. These credit policies are firmly embedded in the credit process: transactions which do not meet the requirements are escalated through a fixed competence regulation.

In organisational terms, credit risk management in the Core Bank differs from risk management in the NCA segment. In the Core Bank, based on the separation of responsibility by the performing loan area on the one hand and Intensive Care on the other, discrete back-office areas are responsible for operational credit risk management on a portfolio and an individual case basis.

All credit decisions in the performing loan area are risk/return decisions. The front and back office take joint responsibility for risk and return from an exposure, with the back office having primary responsibility for the risk, and the front office for the return. Accordingly, neither office can be overruled in its primary responsibility in the lending process.

Higher-risk Core Bank customers are handled by specialist Intensive Care areas. The customers are moved to these areas as soon as they meet defined transfer criteria. The principal reasons for transfer to Intensive Care areas are criteria relating to number of days overdrawn, together with event-related criteria such as rating, insolvency, third-party enforcement measures or credit fraud. This ensures that higher-risk customers can continue to be managed promptly by specialists in defined standardised processes.

In the NCA segment, by contrast, there is no separation of responsibilities between the performing loan area and Intensive Care. Credit risk management here has been merged into one unit across all rating classes.

The aim is to fully wind down all the assets grouped in this segment in a way that preserves value. To this end, EaD-based guidelines have been established and an asset management programme has been implemented. This is carried out through regular asset planning and is based on a risk matrix for Commercial Real Estate and Deutsche Schiffsbank. The parts of the portfolio shown within the risk matrix serve as a guideline for differentiated risk management within the overarching portfolio reduction mandate. The main aim here is to prioritise the winding down or mitigation of those parts of the portfolio and individual loans for which the capital requirement is particularly high. Opportunities for selling sub-portfolios in a way that preserves value may also be used to free up capital as part of the systematic portfolio reduction.

For business in Public Finance, the reduction is primarily through regular maturities of assets. Market opportunities that arise are used in a targeted way for the sale of individual assets. The transfer of assets to the Core Bank is also regularly reviewed for the purposes of liquidity management.

Risk management

Commerzbank manages default risk using a comprehensive risk management system comprising an organisational structure, methods and models, a risk strategy with quantitative and qualitative management tools and regulations and processes. The risk management system ensures that the entire portfolio and the subportfolios, right down to individual exposure level, are managed consistently and thoroughly on a top-down basis.

The ratios and measures required for the operational process of risk management are based on overarching Group objectives. They are enhanced at downstream levels by sub-portfolio and product specifics. Risk-based credit approval regulations focus management attention in the highest decision-making bodies on issues such as risk concentrations or deviations from the risk strategy.

The Core Bank's operational credit risk management still aims to preserve the good portfolio quality achieved. We focus not only on supporting growth in the Core Bank's granular lending business but also on limiting concentration risks and reducing risks in the non-investment grade area. We also continually carry out checks of our credit processes to identify possible improvement measures. Our concern is not only to provide our staff with ongoing training and development, but also to reinforce a uniform risk culture throughout the Group.

Commerzbank's rating and scoring methods, which are used for all key credit portfolios, form the basis for measuring default risks. Both the calibration of the probabilities of default assigned to individual counterparties or loans and the calculation of loss ratios are based on an analysis of historical data from the Commerzbank portfolio. An annual recalibration of the methods is carried out on this basis.

Country risk management is based on the definition of risk limits as well as country-specific strategies for achieving a desired target portfolio.

Back-office activities in domestic corporate customer business are organised by industry sector, which makes it possible to directly identify issues at total and sub-portfolio level, track them down to the individual loan level and implement appropriate measures. This has led to major progress in terms of the speed and efficiency of preventative measures and forecasting quality in respect of the development of risk.

Critical events and constantly changing regulatory requirements make responsive credit portfolio management essential, and so ensuring that the credit portfolio is highly flexible remains one of our key strategic action fields in credit risk management.

Management of economic capital commitment

Economic capital commitment is managed in order to ensure that Commerzbank Group holds sufficient capital. With this object in view, all risk types in the overall risk strategy for economically required capital (ErC) are given limits on a Group-wide basis, with, in particular, a CVaR limit being specified. Due to the systematically restricted options for reducing default risk on a short-term basis, it is important to take account of expected trends in credit risk (medium-term and long-term) in order to remain within limits. For this reason, medium-term forecast values of capital ratios play a key role in ongoing management. When updating forecasts, it has to be ensured that keeping to them results in limits being met. At segment and business area level, deviations from the forecast are monitored and adjustments made when necessary. There is no cascaded limit concept for credit risk below Group level, i.e. the Group credit limit is not allocated to segments or business areas.

Overview of management instruments and levels

Level	Risk strategies and policies	Limit and guideline systems	Portfolio monitoring and reporting	Structures of organisation and committees
Group	Overall risk strategy plus sub-risk strategies for significant risk types Establishment of a general risk understanding and creation of a uniform risk culture	Definition of Group limits (across all risk types) for capital and liquidity management Additional definition of guidelines as key points of the aspired target portfolio	Group Risk & Capital Monitor plus risk type specific Group formats (including flash reporting) Uniform, consolidated data repository as basis for Group reporting	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
Sub-portfolios	Clear formulation of risk policy in guidelines (portfolios, asset classes, etc.) Differenciated credit authorities based on compliance of transactions with the Bank's risk policy	Performance metrics on level of risk categories and sub-portfolios Expansion of Group-wide performance metrics using sub-portfolio-specific indicators	Portfolio batches as per established portfolio calendar Asset quality review and analysis of High Attention Parts (HAP)[1] Trigger monitoring with clear escalation and reporting lines	Interdisciplinary composition of segment committees Ensuring uniform economic opinions
Individual exposures	Rating-dependent and bulk-sensitive credit authority regulations with clear escalation processes	Limitation of bulk risk and uniform management according to model-independent all-in definition	Limit monitoring at individual exposure level Monthly report to the Board of Managing Directors on the development of bulk risks Review of individual customers/exposures resulting from asset quality review or HAP analyses[1]	Deal team structures Institutionalized exchange within the risk function, also taking account of economic developments Sector-wise organization of domestic corporate business

[1] Description refers to Core Bank; analogue procedure based on a specific risk matrix used in NCA segment.

Rating classification

The Commerzbank rating method comprises 25 rating classes for loans not in default (1.0 to 5.8) and five default classes (6.1 to 6.5). The Commerzbank master scale allocates a non-overlapping range of probabilities of default that are stable over time to each rating class. The rating methods are validated and recalibrated annually so that they reflect the latest projection based on all actual observed defaults. The default ranges assigned to the ratings are the same for all portfolios and remain stable over time. This ensures internal comparability consistent with the master scale method.

For the purpose of guidance, the Commerzbank master scale also shows external ratings. However, a direct reconciliation is not possible, because external ratings of different portfolios show fluctuating default rates from year to year.

The credit approval authorities of both individual staff and the committees (Board of Managing Directors, credit committee, credit sub-committees) are graduated by size of exposure and rating class.

Commerzbank master scale

Commerzbank AG rating	PD and EL mid-point %	PD and EL range %	S&P		
1.0	0	0	AAA	AAA	Investment grade
1.2	0.01	0–0.02			
1.4	0.02	0.02–0.03	AA+	AA	
1.6	0.04	0.03–0.05	AA, AA–		
1.8	0.07	0.05–0.08	A+, A	A	
2.0	0.11	0.08–0.13	A–		
2.2	0.17	0.13–0.21	BBB+	BBB	
2.4	0.26	0.21–0.31	BBB		
2.6	0.39	0.31–0.47			
2.8	0.57	0.47–0.68	BBB–		
3.0	0.81	0.68–0.96	BB+	BB	Non-investment grade
3.2	1.14	0.96–1.34	BB		
3.4	1.56	1.34–1.81			
3.6	2.10	1.81–2.40	BB–		
3.8	2.74	2.40–3.10	B+	B	
4.0	3.50	3.10–3.90			
4.2	4.35	3.90–4.86	B		
4.4	5.42	4.86–6.04			
4.6	6.74	6.04–7.52			
4.8	8.39	7.52–9.35	B–		
5.0	10.43	9.35–11.64			
5.2	12.98	11.64–14.48	CCC+	CCC	
5.4	16.15	14.48–18.01			
5.6	20.09	18.01–22.41	CCC to CC–		
5.8	47.34	22.41–99.99			
6.1	100	>90 days past due	C, D-I, D-II		Default
6.2		Imminent insolvency			
6.3		Restructuring with recapitalisation			
6.4		Termination without insolvency			
6.5		Insolvency			

Management of risk concentrations

The avoidance of risk concentrations is a core strategy of risk management. Risk concentrations are actively managed in order to identify at an early stage and to contain the increased potential for loss in the synchronous movement of risk positions. In addition to exposure-related credit risk concentrations (bulk risks), default risk also includes, among others, country and sector concentrations. Segment-specific features are taken into account here.

A uniform definition based on "all-in" is used to manage bulk risk. The all-in concept comprises all customer credit lines approved by the Bank in their full amount – irrespective of the loan utilisation to date.

Management and the Supervisory Board's Risk Committee are regularly informed about the results of the analyses.

Risk mitigation

The collateral taken into account in risk management is mostly assigned to portfolios at Commerzbank Aktiengesellschaft and Hypothekenbank Frankfurt AG. It totals around €90bn for the exposures in the performing book and over €6bn in the default portfolio. In the Private Customers segment, the collateral predominantly consists of mortgages on owner-occupied and buy-to-let residential property. In Mittelstandsbank and in Corporates & Markets, collateral is spread over various types of security. These mainly relate to mortgages on commercial properties and various forms of guarantees. The portfolio in the Central & Eastern Europe segment is mainly secured by mortgages, in both the retail and commercial sectors. In the Non-Core Assets segment, collateral in the Commercial Real Estate sub-segment mainly relates to commercial land charges and also to charges on owner-occupied and buy-to-let properties. The ship finance portfolio is mostly backed by ship mortgages.

Commerzbank Group

At Commerzbank, the business activities are divided into the four core segments Private Customers, Mittelstandsbank, Central & Eastern Europe and Corporates & Markets. The run-off segment Non-Core Assets (NCA) comprises – besides the Public Finance business – all activities of commercial real estate and ship financing. These exposures should be completely wound down over time.

To describe Commerzbank Group, we will go into more detail on credit risk ratios, the breakdown of the portfolio by region, loan loss provisions in the credit business, the default portfolio and on overdrafts in the performing book.

Credit risk parameters The credit risk parameters in the Commerzbank Group are distributed in the rating classes 1.0 to 5.8 as follows over the Core Bank and Non-Core Assets:

Credit risk parameters as at 31.12.2014	Exposure at default €bn	Expected loss €m	Risk density bp	CVaR €m
Core Bank	355	944	27	8,064
Non-Core Assets	78	553	71	3,612
Group	**433**	**1,497**	**35**	**11,675**

When broken down on the basis of PD ratings, 79% of the Group's portfolio is in the internal rating classes 1 and 2.

Rating breakdown as at 31.12.2014 EaD | %	1.0 –1.8	2.0 –2.8	3.0 –3.8	4.0 –4.8	5.0 –5.8
Core Bank	31	49	15	4	1
Non-Core Assets	28	43	17	7	5
Group	31	48	15	4	2

The Group's country risk calculation records both transfer risks and region-specific event risks defined by political and economic events which impact on the individual economic entities of a country. Country risks are managed and limited on the basis of loss at default at country level. Country exposures which are significant for Commerzbank due to their size, and exposures in countries in which Commerzbank holds significant investments in comparison to the GDP of those countries are handled by the Strategic Risk Committee on a separate basis.

The regional breakdown of the exposure corresponds to the Bank's strategic direction and reflects the main areas of its global business activities.

Group portfolio by region as at 31.12.2014	Exposure at default €bn	Expected loss €m	Risk density bp
Germany	216	528	24
Western Europe	107	290	27
Central and Eastern Europe	41	217	52
North America	25	33	13
Asia	20	49	25
Other	25	381	153
Group	**433**	**1,497**	**35**

Around half of the Bank's exposure relates to Germany, a further third to other countries in Europe and 6% to North America. The rest is broadly diversified and is split among a large number of countries where we serve German exporters in particular or where Commerzbank has a local presence. In view of the current developments in Ukraine, the exposures in Ukraine and Russia are a particular focus of risk management at present. As at the end of December 2014, the Russia exposure amounted to €5.7bn. Here, a great portion of the exposure is related to foreign trade financing, interbank trading and loans to subsidiaries of German companies in Russia. The Ukraine exposure is €0.1bn and is almost fully collateralised. The expected loss of the Group portfolio is mainly divided between Germany and Western Europe. A main driver of the expected loss in the region "Other" is ship finance.

The table below shows the exposure to Greece, Ireland, Italy, Portugal and Spain based on the member state where the head office or the asset is located.

	31.12.2014					31.12.2013
EaD[1] €bn	Sovereign[2]	Banks	CRE	Corporates/ Other	Total	Total
Greece	0.0	0.1	0.1	0.1	0.3	0.3
Ireland	0.6	0.4	0.0	1.6	2.6	1.7
Italy	9.3	0.5	1.0	2.3	13.2	13.7
Portugal	1.3	0.4	0.9	0.2	2.9	2.8
Spain	4.8	3.9	0.1	2.2	11.0	11.3

[1] Excluding exposure from ship finance.
[2] Including sub-sovereigns.

	2014					2013				
Loan loss provisions | €m	**Total**	**Q4**	**Q3**	**Q2**	**Q1**	**Total**	**Q4**	**Q3**	**Q2**	**Q1**
Core Bank	490	104	90	192	104	665	134	249	190	92
Non-Core Assets	654	204	251	65	134	1,082	317	243	347	175
Group	**1,144**	**308**	**341**	**257**	**238**	**1,747**	**451**	**492**	**537**	**267**

Loan loss provision The loan loss provisions relating to the Group's credit business in 2014 amounted to €1,144m. This figure includes a one-off charge of €28m net arising from the regular annual update of risk parameters. Loan loss provisions totalled €603m, a decrease of more than one-third on the previous year's level.

For 2015, we expect loan loss provisions for the Group to be in line with the previous year's level. However, in the event of a huge, unexpected deterioration in economic conditions, for instance due to a negative development in the crisis in Ukraine or in the case of defaults of huge individual customers, significantly higher loan loss provisions may become necessary under certain circumstances.

Default portfolio The default portfolio stood at €11.8bn as at the reporting date, representing a significant decrease of €3.7bn compared with the previous year. This reduction was largely due to successful restructuring measures in the NCA segment: for example, the sale of the real estate financing portfolio in Spain resulted in a net reduction of €3.3bn.

The following table shows claims in default in the category LaR.

	31.12.2014			31.12.2013		
Default portfolio category LaR | €m	**Group**	**Core Bank**	**NCA**	**Group**	**Core Bank**	**NCA**
Default volume	11,843	5,610	6,233	15,563	6,024	9,540
Loan loss provisions	5,145	2,950	2,196	6,241	3,066	3,175
GLLP	822	513	309	933	523	410
Collaterals	5,526	1,454	4,072	7,407	1,308	6,100
Coverage ratio excluding GLLP (%)[1]	90	79	101	88	73	97
Coverage ratio including GLLP (%)[1]	97	88	105	94	81	102
NPL ratio (%)[2]	2.7	1.6	7.4	3.5	1.8	8.2

[1] Coverage ratio: total loan loss provisions, collateral (and GLLP) as a proportion of the default volume.
[2] NPL ratio: default volume (non-performing loans – NPL) as a proportion of total exposure (EaD including NPL).

The default portfolio is divided into five classes based on the nature of the default:

- Rating class 6.1: Over 90 days past due.
- Rating classes 6.2/6.3: Imminent insolvency, or the Bank is assisting in financial rescue/restructuring measures at the customer with restructuring contributions.
- Rating classes 6.4/6.5: The Bank recalls the loan and the customer has become insolvent respectively.

The table below shows the breakdown of the default portfolio based on the five default classes:

Rating classification as at 31.12.2014 | €m	6.1	6.2/6.3	6.4/6.5	Group
Default volume	937	6,590	4,316	11,843
Loan loss provisions	213	2,552	2,381	5,145
Collaterals	717	3,326	1,482	5,526
Coverage ratio excl. GLLP (%)	99	89	90	90

Overdrafts in the performing loan book 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, IT-based management of overdrafts starts on the first day the account is overdrawn. The table below shows overdrafts outside the default portfolio based on the exposure at default as at end of December 2014.

EaD €m	> 0 ≤ 30 days	> 30 ≤ 60 days	> 60 ≤ 90 days	> 90 days	Total
Core Bank	3,220	184	67	0	3,471
Non-Core Assets	348	97	32	0	478
Group	**3,568**	**281**	**99**	**1**	**3,949**

In 2014, total foreclosed assets decreased year-on-year by €34m to €69m (additions 0, disposals €40m, cumulative change from valuation €6m). All of these assets related to mortgages and were allocated to our subsidiary Hypothekenbank Frankfurt. The properties are serviced and managed in companies in which Hypothekenbank Frankfurt owns a majority stake through subsidiaries. This is normally HF Estate Management GmbH. The aim is to increase the value and performance of the commercially-focused real estate portfolio through HF Estate's property expertise so that the properties can be placed on the market again in the short to medium term.

In 2013, Commerzbank founded a stand-alone restructuring platform for ships, called “Hanseatic Ship Asset Management GmbH”. This new company will acquire individual ships that have potential, remove them from their existing, impaired credit relationships, operate them on the new platform and sell them when the market recovers. As at the end of 2014, the volume of ships recognised as self-operated ships in the Bank's tangible assets was €232m.

Core Bank

The Core Bank comprises the segments Private Customers, Mittelstandsbank, Central & Eastern Europe, Corporates & Markets and Others and Consolidation.

Credit risk parameters The Core Bank's exposure in rating classes 1.0 to 5.8 as at 31 December 2014 rose to €355bn (31 December 2013: €323bn); risk density decreased from 29 to 27 basis points.

Credit risk parameters as at 31.12.2014	Exposure at default €bn	Expected loss €m	Risk density bp	CVaR €m
Private Customers	88	183	21	944
Mittelstandsbank	134	398	30	3,861
Central & Eastern Europe	26	140	54	652
Corporates & Markets	60	179	30	1,680
Others and Consolidation[1]	47	45	10	925
Core Bank	**355**	**944**	**27**	**8,064**

[1] Mainly Treasury positions.

Some 80% of the Core Bank's portfolio are allocated to the investment-grade area, corresponding, on the basis of PD ratings, to our internal rating classes 1.0 to 2.8.

Rating breakdown as at 31.12.2014 EaD | %	1.0–1.8	2.0–2.8	3.0–3.8	4.0–4.8	5.0–5.8
Private Customers	33	48	15	3	1
Mittelstandsbank	13	60	20	5	2
Central & Eastern Europe	5	61	22	10	2
Corporates & Markets	51	39	8	1	2
Core Bank[1]	31	49	15	4	1

[1] Including Others and Consolidation.

Loan loss provision Loan loss provisions in the Core Bank amounted to €490m in the financial year 2014. The charge was therefore much lower than in the previous year, falling by €175m.

	2014					2013				
Loan loss provisions | €m	**Total**	**Q4**	**Q3**	**Q2**	**Q1**	**Total**	**Q4**	**Q3**	**Q2**	**Q1**
Private Customers	79	11	16	16	36	108	15	31	27	35
Mittelstandsbank	342	107	36	142	57	470	139	106	147	78
Central & Eastern Europe	123	27	37	38	21	119	36	41	36	6
Corporates & Markets	–55	–41	0	–5	–9	–57	–55	43	–19	–26
Others and Consolidation	1	0	1	1	–1	25	–1	28	–1	–1
Core Bank	**490**	**104**	**90**	**192**	**104**	**665**	**134**	**249**	**190**	**92**

Default portfolio The Core Bank's default portfolio was reduced further compared with 31 December 2013, down by €414m. The Core Bank benefited in this respect from outflows due to successful restructurings and repayments, especially in the Corporates & Markets and Private Customers segments.

Default portfolio Core Bank | €m	31.12.2014	31.12.2013
Default volume	5,610	6,024
Loan loss provisions	2,950	3,066
GLLP	513	523
Collaterals	1,454	1,308
Coverage ratio excluding GLLP (%)	79	73
Coverage ratio including GLLP (%)	88	81
NPL ratio (%)	1.6	1.8

Overdrafts in the performing loan book The table below shows the volume of overdrafts outside the default portfolio based on the exposure at default as at end of December 2014:

EaD €m	> 0 ≤ 30 days	> 30 ≤ 60 days	> 60 ≤ 90 days	> 90 days	Total
Private Customers	385	51	34	0	469
Mittelstandsbank	2,038	82	17	0	2,138
Central & Eastern Europe	507	52	15	0	575
Corporates & Markets	289	0	0	0	289
Core Bank[1]	**3,220**	**184**	**67**	**0**	**3,471**

[1] Including Others and Consolidation.

Private Customers

The Private Customers segment comprises the activities of Private Customers, Direct Banking and Commerz Real. Private Customers consists of Commerzbank's branch business in Germany for private and business customers as well as Wealth Management.

The risks in the private customer business depend mainly on the economic environment, trends in unemployment levels and real estate prices. We manage risks by the use of defined lending standards, active monitoring of new business, close observation of the real estate market and IT-based overdraft management, as well as by other means. We also identify any irregularities in loans by using selected triggers. These loans are dealt with in our area of early risk identification.

Credit risk parameters as at 31.12.2014	Exposure at default €bn	Expected loss €m	Risk density bp
Residential mortgage loans	51	88	17
Investment properties	5	7	13
Individual loans	13	36	28
Consumer and instalment loans/credit cards	10	28	30
Domestic subsidiaries	4	8	23
Foreign subsidiaries and other	6	15	24
Private Customers	**88**	**183**	**21**

We meet the financing needs of our customers with a broad and modern product range. The focus of the portfolio is on traditional owner-occupied home financing and the financing of real estate capital investments (residential mortgage loans and investment properties with a total EaD of €56bn). We provide our business customers with credit in the form of individual loans with a volume of €13bn. In addition, we meet our customers' day-to-day demand for credit with consumer loans (consumer and instalment loans, credit cards to a total of €10bn).

There was continued growth in the private customer business, particularly in residential mortgage loans, in the fourth quarter. Risk density was reduced by 4 basis points compared with year-end 2013 to stand at 21 basis points.

Loan loss provisions for private customer business fell by €29m compared with the previous year, remaining at a very low level.

The default portfolio in the segment was reduced by €189m compared with 31 December 2013.

Default portfolio Private Customers | €m	31.12.2014	31.12.2013
Default volume	754	943
Loan loss provisions	258	311
GLLP	113	121
Collaterals	361	445
Coverage ratio excluding GLLP (%)	82	80
Coverage ratio including GLLP (%)	97	93
NPL ratio (%)	0.8	1.1

Mittelstandsbank

This segment comprises all the Group's activities with mainly mid-size corporate customers, the public sector and institutional customers, where they are not assigned to other segments. The segment is also responsible for the Group's relationships with banks and financial institutions in Germany and abroad, as well as with central banks. We are seeking further growth in German corporate customers and international corporate customers connected to Germany through their core business. Thus we are investing in certain new markets. The risk appetite is oriented towards the assessment of the relevant sector, but also towards a company's economic and competitive conditions. For each and every exposure, we analyse the future viability of the company's business model, its strategic direction and its creditworthiness.

Credit risk parameters as at 31.12.2014	Exposure at default €bn	Expected loss €m	Risk density bp
Corporates Domestic	86	258	30
Corporates International	20	39	20
Financial Institutions	28	101	36
Mittelstandsbank	**134**	**398**	**30**

The credit volume increased over the year, particularly as a result of the credit initiative initiated by Mittelstandsbank. Thus the EaD in the Mittelstandsbank segment was increased by €13.6bn to €134bn. The economic environment in Germany remains stable, and this is reflected in the Corporates Domestic sub-portfolio's risk parameters, which remain good. The risk density in this area was 30 basis points as at 31 December 2014. In Corporates International, the EaD was €20bn as at 31 December 2014, and risk density was 20 basis points. For details of developments in the Financial Institutions portfolio please see page 60.

Loan loss provisions in Mittelstandsbank were €342m and therefore much lower than the previous year's figure of €470m. The reduction was largely attributable to smaller loan loss provisions for new defaults.

The Mittelstandsbank's default portfolio was reduced by a total of €72m compared with 31 December 2013.

Default portfolio Mittelstandsbank | €m	31.12.2014	31.12.2013
Default volume	2,583	2,655
Loan loss provisions	1,429	1,487
GLLP	276	265
Collaterals	441	387
Coverage ratio excluding GLLP (%)	72	71
Coverage ratio including GLLP (%)	83	81
NPL ratio (%)	1.9	2.2

Central & Eastern Europe

The Central & Eastern Europe (CEE) segment contains the Group's universal banking and direct banking activities in Central and Eastern Europe. Since the merger of the previously separate brands BRE Bank, Multibank and mBank (all of the BRE Bank Group), to form a "new" mBank in the second half of 2013, the segment has been represented by the single mBank brand. It provides retail, corporate and investment banking services for customers in Poland, and retail banking services for customers in the Czech Republic and Slovakia. The Central & Eastern Europe segment's strategic focus lies on organic growth in Polish small and medium-sized businesses and private customer business in mBank's core markets.

Credit risk parameters as at 31.12.2014	Exposure at default €bn	Expected loss €m	Risk density bp
Central & Eastern Europe	**26**	**140**	**54**

The EaD of the Central & Eastern Europe segment as at 31 December 2014 was almost unchanged year-on-year at €26bn. Risk density in this area was 54 basis points as at 31 December 2014. The Swiss franc exposure is approximately €4bn. These are mainly mortgage-secured engagements with private customers.

The Central & Eastern Europe segment's loan loss provisions rose slightly by €4m to €123m.

The default volume increased by €86m compared with 31 December 2013.

Default portfolio Central & Eastern Europe | €m	31.12.2014	31.12.2013
Default volume	1,212	1,126
Loan loss provisions	604	517
GLLP	67	71
Collaterals	649	463
Coverage ratio excluding GLLP (%)	103	87
Coverage ratio including GLLP (%)	109	93
NPL ratio (%)	4.5	4.0

Corporates & Markets

This segment covers client-driven capital market activities (Markets) and commercial business with multinationals, institutional clients and selected large corporate customers (Corporates) of Commerzbank Group.

The regional focus of our activities in this segment is on Germany and Western Europe, which account for just under three-quarters of the exposure, while North America accounted for around 14% at the end of December 2014. The EaD as at December 2014 was €60bn, around €2bn above the figure as at year-end 2013.

Credit risk parameters as at 31.12.2014	Exposure at default €bn	Expected loss €m	Risk density bp
Germany	19	85	46
Western Europe	25	59	24
Central and Eastern Europe	2	5	33
North America	9	11	12
Asia	3	4	15
Other	4	14	37
Corporates & Markets	**60**	**179**	**30**

Corporates & Markets provides its customers with long-term support in all financial matters, especially through its underwriting and issuances services (e.g. of equities, bonds, or syndicated loans). Stringent guidelines and defined limits keep the underwriting risk for all product types under control. The positions that remain on the Bank's books through its activity as lead arranger or market maker are closely monitored from market and credit risk perspectives as well as at counterparty and portfolio level. The increasing momentum in the leveraged buyout market in particular is currently very challenging for credit risk management.

There is also a focus on close monitoring of counterparties (such as banks and broker dealers) in countries with higher risks, particularly in terms of backed trading activities. The aim is to continue supporting our customers in these countries and to focus on supporting highly flexible business. The strategy of Corporates & Markets with large corporate customers in these critical countries remains unchanged. Credit risk management is focusing in particular on the increasingly critical geopolitical situation in Russia and Ukraine at present.

In the course of 2014 selective new purchases of bonds of the asset classes consumer (auto) ABS, UK-RMBS and CLOs, securitising corporate loans in the USA and Europe, were made. This volume totalled €1.2bn at the end of 2014. In general, we invest in bonds of senior tranches of securitisation transactions, the structures of which showed low losses or a moderate risk profile before, during and after the crisis. During the financial crisis, CLOs and auto ABSs in particular remained stable in terms of structure and performance. We focus particularly on the development of the macroeconomic environment of the underlying credit portfolio when we decide on new business, and continue to do so when monitoring and extending existing business.

In contrast, the existing Structured Credit portfolio was reduced by another €0.8bn to €6.5bn over the year. At the same time the risk values[1] fell by €0.8bn to €2.4bn. A large part of the portfolio is still made up of CDOs securitising corporate loans in the USA and Europe (CLOs) and US sub-prime RMBSs (CDOs on ABSs), and of other structured credit positions made up of Total Return Swap positions. RMBSs are instruments that securitise private, largely European, real estate loans.

Loan loss provisions in the Corporates & Markets segment are heavily influenced by movements in individual exposures. In the 2014 financial year, the segment once again benefited from successful restructuring measures that resulted in the net release of €55m in loan loss provisions. Loan loss provisions therefore remained almost unchanged compared with the prior-year figure.

The default portfolio in the Corporates & Markets segment was run down significantly by €251m year-on-year in 2014. This reduction is attributable to successful restructurings and repayments.

Default portfolio Corporates & Markets I €m	31.12.2014	31.12.2013
Default volume	972	1,223
Loan loss provisions	625	722
GLLP	56	64
Collaterals	3	14
Coverage ratio excluding GLLP (%)	65	60
Coverage ratio including GLLP (%)	70	65
NPL ratio (%)	1.6	2.0

Non-Core Assets

Commercial Real Estate (CRE), Deutsche Schiffsbank (DSB) and Public Finance are bundled in the Non-Core Assets run-off segment. The intention is that all these portfolios should be completely wound down over time.

The exposure at default of the segment's performing loan book totalled €78bn at the end of 2014, which is €28bn less than the comparative figure for the NCA portfolio at the end of 2013.

Credit risk parameters as at 31.12.2014	Exposure at Default €bn	Expected loss €m	Risk density bp	CVaR €m
Commercial Real Estate	17	123	74	
Deutsche Schiffsbank	9	325	354	
Public Finance	52	105	20	
Non-Core Assets	**78**	**553**	**71**	3,612

Loan loss provisions in the Non-Core Assets segment stood at €654m, representing a substantial reduction of €428m compared with the previous year.

	2014					2013				
Loan loss provisions I €m	**Total**	**Q4**	**Q3**	**Q2**	**Q1**	**Total**	**Q4**	**Q3**	**Q2**	**Q1**
Commercial Real Estate	73	1	82	–72	62	491	139	73	240	38
Deutsche Schiffsbank	588	205	173	137	74	596	177	170	110	138
Public Finance	–7	–2	–3	0	–2	–5	0	0	–3	–2
Non-Core Assets	**654**	**204**	**251**	**65**	**134**	**1,082**	**317**	**243**	**347**	**175**

The default volume fell sharply compared with year-end 2013, down €3.3bn. This decline is mainly attributable to portfolio transactions, the sale of assets and back payments, actively encompassed by the Bank.

Default portfolio NCA category LaR I €m	31.12.2014	31.12.2013
Default volume	6,233	9,540
Loan loss provisions	2,196	3,175
GLLP	309	410
Collaterals	4,072	6,100
Coverage ratio excluding GLLP (%)	101	97
Coverage ratio including GLLP (%)	105	102
NPL ratio (%)	7.4	8.2

Commercial Real Estate
Considerable reductions were achieved in 2014, in part through the systematic exploitation of market opportunities for transactions, primarily at Hypothekenbank Frankfurt AG. The EaD decreased by €13bn to €17bn, a significantly faster reduction than predicted. The relative composition of the performing portfolio by type of uses remained unchanged. The main components of exposure continued to be the sub-portfolios retail (€6bn), office (€5bn) and residential real estate (€3bn). The significant decline in exposure is amongst others attributable to the sales of the entire real estate financing portfolios in Spain and Japan and the sale of large parts of the US portfolio.

[1] Risk value is the balance sheet value of cash instruments. For long CDS positions it comprises the nominal value of the reference instrument less the net present value of the credit derivative.

The reduction in 2014 improved the risk profile and also significantly simplified the complexity of the remaining CRE loan portfolio.

Unlike in the US, the economic recovery in the eurozone is slow and heterogeneous. Nevertheless, the aim for 2015 is to continue the value-preserving reduction strategy, with a focus on reducing the higher-risk sub-portfolios.

CRE portfolio by region **EaD** | €bn	**31.12.2014**	**31.12.2013**
Germany	10	15
Western Europe	4	10
Central and Eastern Europe	2	3
North America	0	1
Other	0	1
Commercial Real Estate	**17**	**30**

Loan loss provisions in the Commercial Real Estate Group division were down year-on-year in 2014, falling by €417m to the low level of €73m. This figure includes one-off net releases of €112m due to portfolio transactions recognised in the second quarter of 2014.

For 2015 we are expecting a moderately higher net risk provision than in the previous year, which benefited from exceptional circumstances as mentioned above.

The default portfolio for Commercial Real Estate was run down by €2.3bn to €3.3bn compared with 31 December 2013. The main drivers of the reduction were portfolio transactions, in particular the sale of the real estate financing portfolio in Spain and the default portfolio in Portugal.

Default portfolio CRE | €m	**31.12.2014**	**31.12.2013**
Default volume	3,335	5,662
Loan loss provisions	900	1,882
GLLP	80	119
Collaterals	2,523	3,847
Coverage ratio excluding GLLP (%)	103	101
Coverage ratio including GLLP (%)	105	103
NPL ratio (%)	16.7	15.9

Deutsche Schiffsbank

Compared with 31 December 2013, exposure to ship finance in the performing loan book fell from €10.5bn to €9.2bn as a result of our asset reduction strategy. This portfolio reduction was achieved despite an adverse foreign exchange effect of €977m resulting from the trend in the US dollar rate.

Our portfolio is mainly made up of financings of the following three standard types of ship: containers (€3bn), tankers (€3bn) and bulkers (€2bn). The rest of the portfolio consists of various special tonnages which are well diversified across the various ship segments.

The markets for container ships, bulkers and tankers continued to be dominated by excess capacity during the year. However, the level of ship values, after a clear consolidation of values for bulkers and a slight positive trend in container ship values towards the end of 2013, could not be maintained in 2014. There was, however, a distinct increase in the value of tankers and of the number of them being chartered in the course of 2014, and especially towards the end of the year; this was a consequence of developments on the crude oil markets.

We do not expect an overall, lasting market recovery across the asset classes in 2015. In line with our strategy of reduction while preserving value, we are continuing to steadily reduce risks in this portfolio.

Loan loss provisions in the Deutsche Schiffsbank division stood at €588m in 2014. The amount includes a net charge of €39m arising from the regular annual validation of the general loan loss provisions, which occurred in the fourth quarter. Overall, loan loss provisions in 2014 were slightly lower than in the previous year, down €8m.

The default portfolio fell by €978m in the year under review, which represents a significant reduction.

Default portfolio DSB by ship type | €m	31.12.2014				31.12.2013
	Total	Container	Tanker	Bulker	Total
Default volume	2,893	1,534	609	311	3,871
Loan loss provisions	1,296	777	192	133	1,291
GLLP	224	133	46	30	281
Collaterals	1,549	697	384	218	2,252
Coverage ratio excluding GLLP (%)	98	96	95	113	92
Coverage ratio including GLLP (%)	106	105	102	123	99
NPL ratio (%)	24.0	31.4	20.0	13.5	27.0

Public Finance

In its NCA segment, Commerzbank brings together a large part of its public finance business and secured and unsecured bond issues/loans from banks, held available particularly as substitute cover for Pfandbrief issues. The receivables and securities in the Public Finance portfolio were previously largely held in our subsidiaries Hypothekenbank Frankfurt, Hypothekenbank Frankfurt International and Erste Europäische Pfandbrief- und Kommunalkreditbank (EEPK). The latter two subsidiaries were merged into Erste Europäische Pfandbrief- und Kommunalkreditbank as of 1 September 2014. The management of the NCA Public Finance portfolio is divided more or less equally between the central segments Corporates & Markets and Group Treasury.

The borrowers in the Public Finance business in NCA (€43bn EaD) are sovereigns, federal states, regions, cities and local authorities as well as supranational institutions. The main exposure is in Germany and Western Europe.

The remaining Public Finance portfolio in NCA is accounted for by banks (€9bn EaD), with the focus likewise on Germany and Western Europe. Most of the bank portfolio comprises securities and loans which to a large extent are covered by guarantee/maintenance obligations or other public guarantees, or were issued in the form of covered bonds.

The Public Finance division also includes the private finance initiative (PFI) portfolio. This business comprises the long-term financing of public sector facilities and service companies, such as hospitals and water utilities. Most of the PFI portfolio is secured, and in accordance with the NCA strategy is set to be wound down over time in a value-preserving manner.

The Public Finance portfolio in NCA was further run down by a total of €14bn in 2014. The reduction included the transfer of around €12bn of mainly German securities to the Core Bank for liquidity management purposes and was also achieved through active portfolio management measures and contractual maturities.

Once again, reversals of loan loss provisions were recognised in Public Finance, almost unchanged year-on-year at €–7m. Write-downs on securities are not recognised in loan loss provisions but in net investment income.

The Public Finance default portfolio, at €5m, was almost unchanged compared with the previous year.

Further portfolio analyses

The analyses below are independent of the existing segment allocation. The positions shown are already contained in full in the Group and segment presentations above.

Corporates portfolio by sector

A breakdown of the corporates exposure by sector is shown below:

Corporates portfolio by sector	31.12.2014			31.12.2013		
	Exposure at default €bn	Expected loss €m	Risk density bp	Exposure at default €bn	Expected loss €m	Risk density bp
Energy/Environment	17	74	44	16	93	59
Transport/Tourism	13	26	21	11	23	22
Consumption	12	37	31	13	43	33
Wholesale	11	49	43	10	46	45
Basic materials/Metals	11	42	39	9	33	35
Mechanical engineering	9	26	28	8	19	25
Technology/Electrical industry	9	26	28	8	28	34
Services/Media	9	35	39	8	29	38
Chemicals/Plastics	9	54	63	8	50	62
Automotive	8	29	36	8	23	30
Construction	5	47	100	4	54	125
Pharma/Healthcare	4	10	23	4	6	18
Other	10	30	29	10	31	30
Total	**127**	**487**	**38**	**117**	**480**	**41**

Financial Institutions portfolio

As has been the case in previous quarters, when taking on new business we give preference to clients with a good credit rating. Here we would highlight the trade finance activities performed on behalf of our corporate customers in Mittelstandsbank and capital market activities in Corporates & Markets. Risks have been further reduced in Public Finance business. We are closely monitoring risks in Eastern European business arising from the conflict between Russia and Ukraine and taking them into account by stepping up our monitoring and management of portfolios.

FI portfolio by region[1]	31.12.2014			31.12.2013		
	Exposure at default €bn	Expected loss €m	Risk density bp	Exposure at default €bn	Expected loss €m	Risk density bp
Germany	11	6	5	14	8	5
Western Europe	26	54	21	26	62	24
Central and Eastern Europe	9	31	35	9	28	33
North America	2	2	9	1	1	7
Asia	13	37	29	12	29	24
Other	8	34	43	7	26	37
Total	69	165	24	**69**	**154**	**22**

[1] Excluding exceptional debtors.

Non-Bank Financial Institutions portfolio

Commerzbank is concentrating on the further optimisation of its Non-Bank Financial Institutions (NBFI) portfolio and on attractive new business with clients with good credit ratings. These are, on the whole, diversified insurance companies, asset managers and regulated funds, with a regional focus on clients in Germany and Western Europe.

NBFI portfolio by region	31.12.2014			31.12.2013		
	Exposure at default €bn	Expected loss €m	Risk density bp	Exposure at default €bn	Expected loss €m	Risk density bp
Germany	8	18	22	9	16	18
Western Europe	17	32	19	15	35	23
Central and Eastern Europe	1	6	88	2	3	15
North America	8	5	6	8	17	23
Asia	1	1	11	1	1	12
Other	1	3	21	1	2	13
Total	**37**	**65**	**18**	**36**	**74**	**20**

Originator positions

Commerzbank and Hypothekenbank Frankfurt have in recent years securitised receivables from loans to the Bank's customers with a current volume of €5.5bn, primarily for capital management purposes. In comparison with the previous quarter, a securitisation of Mittelstand loans totalling €1.0bn was repaid. Risk exposures in the amount of €4.2bn were retained as at 31 December 2014. By far the largest portion of these positions is accounted for by €4.0bn of senior tranches, which are nearly all rated good or very good.

		Commerzbank volume[1]				
Securitisation pool €bn	Maturity	Senior	Mezzanine	First loss piece	Total volume[1] 30.12.2014	Total volume[1] 31.12.2013
Corporates	2020–2036	3.6	< 0.1	< 0.1	4.1	5.0
Banks	2015–2021	0.4	< 0.1	< 0.1	0.4	0.4
RMBS	2048	0.0	0.0	0.0	< 0.1	0.1
CMBS	2046–2084	< 0.1	< 0.1	< 0.1	1.0	2.0
Total		**4.0**	**< 0.1**	**< 0.1**	**5.5**	**7.5**

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

Conduit Exposure und sonstige Asset-backed Exposures

Commerzbank is the sponsor of the multiseller asset-backed commercial paper conduit Silver Tower. It uses it to securitise receivables from customers in the Mittelstandsbank and Corporates & Markets segments, mainly from trade and leasing. The transactions are financed predominantly through the issue of asset-backed commercial papers (ABCPs) or through the drawing of credit lines (liquidity lines). The volume and risk values in the Silver Tower conduit fell slightly by €0.2bn year-on-year in 2014, and as at 31 December 2014 stood at €3.4bn.

The other asset-backed exposures comprise mainly government-guaranteed ABSs issued by Hypothekenbank Frankfurt in the Public Finance area. Here, the volume (€4.7bn) and the risk values (€4.5bn) remained almost constant year-on-year.

Forbearance portfolio

In October 2013 the European Banking Authority (EBA) determined a new definition of "forbearance" by publication of respective Implementing Technical Standards (ITS). EBA's definition of forbearance comprises two requirements, which have to be met concurrently: The debtor is in financial difficulties and the measures of the bank to help the debtor include concessions to the debtor, the bank wouldn't have agreed with under different circumstances. This definition is independent from the debtor being in the performing or the non-performing book. Concessions are for example deferrals, increases in limits or loans and waivers in connection with restructuring.

The following table shows the total forbearance portfolio of Commerzbank on the basis of the new EBA definition as well as the loan loss allowance for these positions:

Forbearance portfolio by segment as at 31.12.2014	Forborne exposure €m	Loan loss allowance €m	Coverage ratio %
Private Customers	482	11	2
Mittelstandsbank	2,342	468	20
Central & Eastern Europe	560	183	33
Corporates & Markets	880	272	31
Non-Core Assets	6,140	1,122	18
Group	**10,405**	**2,056**	**20**

The forbearance portfolio by region is as follows:

Forbearance portfolio by region as at 31.12.2014	Forborne exposure €m	Loan loss allowance €m	Coverage ratio %
Germany	6,008	1,103	18
Western Europe	2,767	557	20
Central and Eastern Europe	712	232	33
North America	315	63	20
Asia	127	26	21
Other	474	74	16
Group	**10,405**	**2,056**	**20**

In addition to the loan loss allowance in the amount of €2,056m the risks of the forbearance portfolio are covered by collaterals in the amount of €4,503 m.

Market risk

Market risk is the risk of financial losses due to changes in market prices (interest rates, commodities, credit spreads, exchange rates and equity prices) or in parameters that affect prices such as volatilities and correlations. Losses may impact profit or loss directly, e.g. in the case of trading book positions. However, for banking book positions they would be reflected in the revaluation reserve or in hidden liabilities/reserves.

Strategy and organisation

Commerzbank's market risk strategy is derived from its overall risk strategy and the business strategies of the individual segments. It sets targets for market risk management in relation to Commerzbank's main business activities. The core market risk management tasks are the identification of all key market risks and drivers of market risk for the Group and the independent measurement and evaluation of these. The results and estimates serve as the basis for Commerzbank Group's risk/return-oriented management.

The Board of Managing Directors of Commerzbank is responsible for ensuring the effective management of market risk throughout the Group. Specific levels of authority and responsibility in relation to market risk management have been assigned to the appropriate market risk committees.

Within the Bank, various market risk committees have been established. In these, segment representatives, along with representatives from the risk function and finance area, discuss current risk positioning issues and decide on appropriate action. Chaired by the risk function, the Group Market Risk Committee, which meets monthly, deals with the Group's market risk position. Discussions centre on the monthly market risk report which is also presented to the Board of Managing Directors for their consideration. The report summarises the latest developments on financial markets, the Bank's positioning and subsequent risk ratios. The Segment Market Risk Committee, which focuses on the trading-intensive Corporates & Markets and Treasury segments, meets once a week. This committee also manages market risks arising from non-core activities (Non-Core Assets).

The risk management process involves the identification, measurement, management, and monitoring of risks and reporting on them. It is the responsibility in functional terms of market risk management, which is independent of trading activities. Central market risk management is complemented by decentralised market risk management units at segment level and for regional units and subsidiaries. The close integration of central and local risk management with the business units means that the risk management process starts in the trading areas themselves. The trading units are responsible in particular for the active management of market risk positions, e.g. reduction measures or hedging.

Risk management

Commerzbank uses a wide range of quantitative and qualitative tools to manage and monitor market risk. Quantitative limits for sensitivities, value at risk, stress tests, scenario analyses and ratios on economic capital limit the market risk. Our comprehensive rulebook, in the form of market risk policies and guidelines as well as restrictions on portfolio structure, new products, maturities and minimum ratings, establishes the qualitative framework for market risk management. The market risk strategy lays down the weighting of figures in each segment by reference to their relevance. Thereby allowance is made for the varying impact of the parameters for the management of the segments in line with the business strategy.

Market risk is managed internally at Group level, segment level and in the segment's reporting units. A comprehensive internal limit system broken down to portfolio level is implemented and forms a core part of internal market risk management.

The quantitative and qualitative factors limiting market price risk are determined by the market risk committees by reference to the Group's management of economic capital. The utilisation of these limits, together with the relevant net income figures, is reported daily to the Board of Managing Directors and the responsible heads of the business segments. Based on qualitative analyses and quantitative ratios, the market risk function identifies potential future risks, anticipates, in collaboration with the finance function, potential financial losses, and draws up proposals for further action, which are discussed with the market units. Voting on the proposed measures or risk positions takes place in the above mentioned market risk committees and is subsequently submitted to the Board of Managing Directors for approval.

Risk concentrations are restricted directly with specific limits or are indirectly avoided, for example, using stress test limits. In addition, the combination of various conventional risk measures (e.g. VaR, sensitivities) ensures the appropriate management of concentration risks. Furthermore, risk drivers are analysed on a regular basis in order to identify concentrations. The risk management of existing concentrations is also reviewed using situation-driven analyses and, where necessary, supplemented by targeted measures, such as limits.

A standardised value at risk model incorporating all positions is used for the internal management of market risk. The VaR quantifies the potential loss from financial instruments as a result of changed market conditions over a predefined time horizon and with a specific probability. For internal management purposes, a confidence level of 97,5% and a holding period of one day are assumed. The value at risk concept makes it possible to compare risks over a variety of business areas. It enables many positions to be aggregated, taking account of correlations between different assets. This ensures a consolidated view of the market risk at all times.

A ten-day holding period and confidence level of 99% are used for regulatory capital adequacy requirements. These assumptions meet the requirements of the Basel Committee and other international market risk management standards. For certain evaluations, such as backtesting and disclosure, the VaR is also calculated on the basis of a one-day holding period. In order to provide for consistent presentation in this report, all figures relating to VaR are based on a confidence level of 99% and a holding period of one day.

In internal management, all positions relevant to market risk are covered and trading and banking book positions are jointly managed. For regulatory purposes, additional stand-alone management of the trading book is carried out (that is in accordance with regulatory requirements, including currency and commodity risks in the banking book). The VaR for the trading book remained constant compared with the previous year. The VaR for the overall book increased by €18m to €98m. The increase was mainly caused by position changes in Mittelstandsbank, in which receivables were converted into an equity position as part of a restructuring operation. Position changes in the Treasury also contributed to the increase in VaR.

VaR contribution[1] | €m	31.12.2014	31.12.2013
Overall book	**98**	**80**
thereof trading book	16	16

[1] 99% confidence level, holding period 1 day, equally-weighted market data, 254 days' history.

Trading book

Over the course of the year, value at risk remained stable at €16m. However, the average for the year, at €15m, was lower than the previous year's figure of €21m.

VaR of portfolios in the trading book[1] | €m	2014	2013
Minimum	11	13
Mean	15	21
Maximum	37	34
VaR at year-end	**16**	**16**

[1] 99% confidence level, holding period 1 day, equally-weighted market data, 254 days' history.

The market risk profile is diversified across all asset classes. The dominant asset classes are foreign exchange risks and credit spread risks, followed by interest rate risks. Interest rate risk also contains basis and inflation risk. Basis risk arises if, for example, positions are closed through hedging transactions with a different type of price setting than the underlying transaction.

The VaR trend in 2014 shows an increase in foreign exchange risks. The increase resulted from the adjusted depiction of the currency risks to which the pension fund is exposed. Position changes in the various divisions and increased volatility on the currency markets were also contributory factors. Credit spread risks declined slightly in 2014. Compared with the preceding year, the other risk types have remained stable.

VaR contribution by risk type in the trading book[1] | €m	31.12.2014	31.12.2013
Credit spreads	5	7
Interest rates	3	3
Equities	2	2
FX	5	3
Commodities	1	1
Total	**16**	**16**

[1] 99% confidence level, holding period 1 day, equally-weighted market data, 254 days' history.

Further risk ratios are being calculated for regulatory capital adequacy. This includes in particular the calculation of stressed VaR. On the basis of the VaR method described above, stressed VaR evaluates the present position in the trading book by reference to market movements from a specified crisis period in the past. Stressed VaR on the reporting date was €38m, representing an increase of €12m compared with year-end 2013. The crisis observation period used is checked regularly through model validation and approval processes and adjusted where necessary. The crisis observation period was not changed in the course of the year.

In addition, the incremental risk charge and the equity event VaR ratios quantify the risk of deterioration in creditworthiness and event risks in trading book positions.

The reliability of the internal model is monitored by backtesting on a daily basis. The VaR calculated is set against actually occurring profits and losses. The process draws a distinction between "clean P&L" and "dirty P&L" backtesting. In the former, for the profit and loss calculation exactly the same positions are used as were used for calculating the VaR, so that the profits and losses result only from the price changes that occurred on the market. In dirty P&L-backtesting, by contrast, profits and losses from newly concluded and expired transactions from the day under consideration are included. If the resulting loss exceeds the VaR, it is described as a negative backtesting outlier.

Analysing the results of backtesting provides an informative basis for checking parameters and for improving the market risk model. In 2014, we saw no negative outliers in the clean P&L and dirty P&L process. As such, the results are in line with statistical expectations and confirm the quality of the VaR model. Backtesting is also used by the supervisory authorities for evaluating internal risk models. Negative outliers are classified by means of a traffic-light system laid down by the supervisory authorities. All negative backtesting outliers at Group level (from both clean P&L and dirty P&L) must be reported to the supervisory authorities, citing their extent and cause.

As the VaR concept gives a prediction of potential losses on the assumption of normal market conditions, it is supplemented by the calculation of stress tests. These stress tests measure the risk to which Commerzbank is exposed, based on unlikely but still plausible events. These events may be simulated using extreme movements on various financial markets. The key scenarios relate to major changes in credit spreads, interest rates and yield curves, exchange rates, share prices and commodities prices. Events simulated in stress tests include all stock prices falling by 15%, a parallel shift in the interest rate curve or changes to the curve's gradient. Extensive Group-wide stress tests and scenario analyses are carried out as part of risk monitoring.

The VaR and stress test models are validated regularly. In 2014, model adjustments were implemented that further improved the accuracy of risk measurement.

Banking book

The key drivers of market risk in the banking book are the credit spread risks in the area of Non-Core Assets – Public Finance, including the positions held by the subsidiaries Hypothekenbank Frankfurt and Erste Europäische Pfandbrief- und Kommunalkreditbank (EEPK). We are continuing systematically with the downsizing strategy that we have followed rigorously in this area for many years. The Treasury portfolios with their credit spread risk, interest rate risk and basis risk also influence the market risk in the banking book.

The diagram below documents the development of credit spread sensitivities for all securities and derivative positions (excluding loans) in the Commerzbank Group's banking book. Credit spread sensitivities increased over the course of 2014 to stand at €63m by the end of the year. This development was caused by the marked fall in interest rates and credit spreads over the year, which pushed up market values in the bond portfolio and thus made credit spreads more sensitive. In addition, changes in Treasury exposures led to higher credit spread sensitivities.

Most credit spread sensitivities relate to securities positions classified as loans and receivables (LaR). Changes in market price have no impact on the revaluation reserve or the income statement for these positions.

Credit spread sensitivities
Downshift 1 bp | €m

The impact of an interest rate shock on the economic value of the Group's banking books is simulated monthly in compliance with regulatory requirements. In accordance with the Banking Directive, the Federal Financial Supervisory Authority has prescribed two uniform, sudden and unexpected changes in interest rates (+/–200 basis points) to be used by all banks, which have to report on the results of this stress test every quarter.

On this basis, the interest rate shift of +200 basis points would give a potential loss of €1,442m, and the shift of –200 basis points a potential gain of €751m as at 31 December 2014. These figures include the exposures of Commerzbank Aktiengesellschaft and significant subsidiaries.

Pension fund risk is also part of market risk in the banking book. Our pension fund portfolio comprises a well-diversified investment section and the section of insurance-related liabilities. The duration of the liabilities is extremely long (cash outflows modelled over almost 90 years) and the main portion of the overall portfolio's present value risk is in maturities of 15 and more years. Main risk drivers are long-term euro interest rates, credit spreads and expected euro inflation due to anticipated pension dynamics. Equity, volatility and currency risk also need to be taken into consideration. Diversification effects between individual risks reduce overall risk. The extremely long maturities of these liabilities represent the greatest challenge, particularly for hedging credit spread risk. This is because there is insufficient liquidity in the market for corresponding hedging products.

Market liquidity risk
In taking steps to ensure economic capital adequacy, Commerzbank also considers market liquidity risk. It is defined as the risk of the Bank not being able to liquidate or hedge risky positions in a timely manner, to the desired extent and on acceptable terms as a result of insufficient liquidity in the market.

We first create a realistic downsizing profile for each portfolio on the basis of its product and risk strategies and an assessment of the market. This enables the portfolios to be classified in terms of their convertibility into cash using a market liquidity factor. The market liquidity factor takes into account the heightened volatility of the portfolio value resulting from the extended holding period for risk positions in line with the downsizing profile. The market risk based on a one-year view is weighted with the market liquidity factor to calculate the market liquidity risk.

At the end of 2014, Commerzbank earmarked €0.1bn in economic capital to cover market liquidity risk in the trading and banking book. Asset-backed securities and structured products in particular showed higher market liquidity risk.

Liquidity risk

We define liquidity risk in a narrower sense as the risk that Commerzbank will be unable to meet its payment obligations on a day-to-day basis. In a broader sense, liquidity risk describes the risk that future payments cannot be funded to the full amount, in the required currency or at standard market conditions, as and when they are due.

Strategy and organisation
The Board of Managing Directors adopts the business strategy and the Bank's risk tolerance, which is associated with it. Liquidity risk tolerance is then operationalised by defining the liquidity reserve period and the limit framework. In order to ensure an appropriate liquidity risk management process, the Board of Managing Directors delegates certain competences and responsibilities in connection with the Group-wide liquidity risk strategy to the Risk and Treasury functions.

The central Asset Liability Committee (ALCO) is responsible for limiting, analysing and monitoring liquidity risk and for strategic liquidity positioning. In this, it is supported by the Liquidity Review Forum (LRF) and the Risk function.

Risk management

Commerzbank uses a wide range of tools to manage and monitor liquidity risks on the basis of its own liquidity risk model. The stress scenario within the Bank that underlies the model and is relevant for management purposes allows for the impact of both a bank-specific stress event and a broader market crisis. Binding regulatory requirements are an integral component of the management mechanism.

Group Treasury is responsible for the Group's liquidity management operations. Group Treasury is represented in all major locations of the Group in Germany and abroad and has reporting lines into all subsidiaries. Liquidity risk is monitored on the basis of the Bank's own liquidity risk model by the independent risk function.

The Bank has established early warning indicators for the purpose of managing liquidity risk. These ensure that appropriate steps can be taken in good time to secure long-term financial solidity.

Risk concentrations can lead to increased outflows of liquidity, particularly in a stress situation, and thus to increased liquidity risk. They can, for example, occur with regard to maturities, large individual creditors or currencies. By means of ongoing monitoring and reporting, emerging risk concentrations in funding can be recognised in a timely manner and mitigated through suitable measures.

In the event of a liquidity crisis, the emergency plan provides for various measures for different types of crisis that can be launched by the central ALCO. The emergency plan forms an integral part of Commerzbank's recovery plan and is updated annually. It enables a clear allocation of responsibility for the processes to be followed in emergency situations as well as the adequate definition of any action that may need to be taken.

Commerzbank had unrestricted access to the money and capital markets throughout the reporting period, and its liquidity and solvency were also adequate at all times. It was always able to raise the resources required for a balanced funding mix and continued to enjoy a comfortable liquidity position in the period under review. Commerzbank raised a total of €5.9bn in long-term funding on the capital market in 2014.

Quantification and stress testing

In 2014, Commerzbank revised its liquidity risk framework, adapting it to current business and regulatory conditions. Important features of this include the new methodology and parameterisation of the liquidity risk modelling, taking into account regulatory requirements and adjusted limits. The combination of modelling and limits results in the quantitative structuring of our liquidity risk tolerance, which is in line with the overall risk strategy.

The liquidity gap profile is shown for the whole of the modelling horizon across the full spectrum of maturities. Thereby the liquidity gap profile follows a multi-level concept. The levels 1 to 5 include deterministic and modelled cash flows of existing business while planned new business is considered in the calculus on levels 6 and 7. Limitation occurs on level 5. The processes of producing and analysing the liquidity gap profile have been significantly improved by redesigning the IT infrastructure. In addition, the management of the regulatory liquidity coverage ratio (LCR) has been integrated into the liquidity risk model. Based on the new methodology of the liquidity gap profile, management mechanisms such as recovery and early warning indicators have been adjusted and supplemented.

Furthermore, hard limits are defined for the time horizon of up to one year, although for time horizons of over a year there are review triggers to limit the liquidity risk in line with our funding capacity. The Group limits are broken down into individual currencies and Group units.

In 2014, Commerzbank's internal liquidity risk ratios were always above the limit set by the Board of Managing Directors. The same is true of compliance with the survival period calculation set down by MaRisk and with the external regulatory German Liquidity Regulation. At the end of the year, the liquidity ratio stood at 1.37.

Significant factors in liquidity risk tolerance include the reserve period, the size of the liquidity reserve portfolio held to compensate for unexpected short-term liquidity outflows, and the limits in the various maturity bands.

The liquidity reserve portfolio is maintained and monitored separately by the Treasury. This ensures that it functions as a buffer in stress situations. The liquidity reserve portfolio is funded in line with liquidity risk tolerance in order to ensure that it is kept at the required size throughout the reserve period stipulated by the Board of Managing Directors.

Based on its internal liquidity model, which uses conservative assumptions, at the end of the period the Bank had available excess liquidity of up to €83.4bn in the maturity band for up to 1 day. Of this, €48.6bn is held in a separate liquidity reserve portfolio managed by Group Treasury to cover liquidity outflows should a stress event occur and ensure solvency at all times. When simulating the existing exposures under the current model assumptions, a liquidity shortage would only occur after 7 years, whereas the limitation of the internal model would already allow for a term transformation position in the maturity band of over 1 year.

In addition, the Bank operates a so-called intraday liquidity reserve portfolio in the amount of €9.7bn.

The main liquidity risk drivers underlying the stress scenario are a markedly increased outflow of short-term customer deposits, above-average drawdown of credit lines, extensions of lending business regarded as commercially necessary, the need to provide additional collateral for secured transactions and the application of higher risk discounts to the liquidation values of assets. The internal liquidity risk model is complemented by the regular analysis of additional inverse stress scenarios.

The management of liquidity risk has been further improved by the introduction of causality-based cost allocation, made possible by internal liquidity cost allocation.

Operational risk

Based on the Capital Requirements Regulation (CRR), Commerzbank defines operational risk (OpRisk) as the risk of loss resulting from the inadequacy or failure of internal processes, people and systems or from external events. This definition includes legal risks; it does not cover reputational or strategic risks.

Strategy and organisation

Within Commerzbank, OpRisk and governance issues of the Internal Control System (ICS) are closely connected in terms of both organisational structure and methodology and are continuously being enhanced. This is because many OpRisk cases are closely linked with failures in the control mechanisms. A properly functioning ICS thereby helps to reduce or avoid losses from operational risks and thus to lower the amount of capital required to cover operational risks in the medium to long term. Conversely, the operational risk management systems enable the ICS to adapt itself consistently to them. The reinforcement of the ICS structure is an essential aspect of the pro-active reduction/prevention of operational risks.

Chaired by the CRO, the Group OpRisk Committee meets four times a year and deals with the management of operational risks within Commerzbank Group. It also acts as the escalation and decision-making committee for key OpRisk topics that span all areas. The Segment OpRisk Committees deal with the management of operational risk in the relevant units. They conduct structured analyses of all OpRisk issues that affect them, such as loss events, and define subsequent measures or recommend action.

Commerzbank's OpRisk strategy is approved on an annual basis by the Board of Managing Directors after it has been discussed and voted upon in the Group OpRisk Committee. It describes the risk profile, key elements of the desired risk culture, its management framework and measures to be taken by the Bank to manage operational risk.

As such, OpRisk management is based on three consecutive levels (three lines of defence) which, when taken together, are crucial for reaching the given strategic aims.

The segments and the management/service units form the first line of defence. They have direct responsibility for identifying and managing operational risk in their areas of responsibility and provide effective and prompt risk management.

The OpRisk & ICS area as the second line of defence provides uniform and binding methods and systems to the Bank's units to help to identify, evaluate and monitor operational risk. These are used throughout the Group, supplemented by tools and regulations of other monitoring functions and used to mitigate operational risk.

Internal and external control bodies, such as the internal auditors and the financial auditor , are the third line of defence. They are entrusted with the independent auditing of OpRisk and ICS methodologies and their implementation at Commerzbank.

Risk management

Commerzbank takes an active approach to managing operational risk, aiming to systematically identify OpRisk profiles and risk concentrations and to define, prioritise and implement risk mitigation measures.

Operational risks are characterised by asymmetric distribution of losses, so that most of the losses are relatively small, while isolated losses with a very low probability of occurrence have the potential to be large and devastating. This makes it necessary not only to limit the high loss potential but also to pro-actively manage losses that can be expected to occur frequently.

To do this, Commerzbank has set up a multi-stage system that brings together the defined limits on economic capital (risk capacity) and those set for operational risk management during the year (risk appetite/tolerance). It is complemented by rules on the transparent and conscious acceptance and approval of individual risks (risk acceptance).

Commerzbank uses the advanced measurement approach (AMA) to measure regulatory and economic capital for operational risks. Risk-weighted assets from operational risks on this basis amounted to €21.6bn at the end of 2014 (31 December 2013: €22.9bn), while economically required capital was €1.8bn (31 December 2013: €1.9bn).

The following table gives an overview on risk-weighted assets (RWA) and the economically required capital (ErC) by segment:

€bn	31.12.2014		31.12.2013	
	RWA	ErC	RWA	ErC
Private Customers	9.0	0.8	9.9	0.8
Mittelstandsbank	3.3	0.3	3.7	0.3
Central & Eastern Europe	0.4	0.0	0.5	0.0
Corporates & Markets	4.7	0.4	5.0	0.4
Non-Core Assets	1.3	0.1	1.2	0.1
Others and Consolidation	2.9	0.2	2.6	0.2
Group	**21.6**	**1.8**	**22.9**	**1.9**

OpRisk management includes an annual evaluation of the Bank's ICS and of the risk scenario assessments. Furthermore, OpRisk loss events are subjected to ongoing analysis and to ICS backtesting on an event-driven basis. Where loss events involve ≥ €1m, lessons learned activities are carried out. External OpRisk events at competitors are also systematically evaluated.

A structured, centralised and decentralised reporting system ensures that the management of the Bank and its segments, members of the OpRisk Committees and the supervisory bodies are informed regularly, promptly and fully about operational risk. OpRisk reports are prepared on a monthly and quarterly basis and form part of the risk reporting process to the Board of Managing Directors and to the Risk Committee of the Supervisory Board. They contain the latest risk assessments of the segments, their main loss events, current risk analyses, changes in the capital requirement and the status of measures implemented.

Other risks

To meet the requirements of pillar 2 of the Basel framework, MaRisk insists on an integrated approach to risk that also includes unquantifiable risk categories. At Commerzbank, these are subjected to a qualitative management and control process. The following risk types except model risk are outside the responsibility of the CRO.

Legal risk

According to CRR, legal risk falls within the definition of operational risk. It primarily arises for Commerzbank Group when the Bank's claims cannot be enforced for legal reasons or when claims can be made against the Bank because the underlying law was not observed or has changed since a transaction was concluded.

The operation of banking and financial services transactions that are subject to regulatory provisions may also result in legal risk. This risk may also take the form of orders or sanctions issued or imposed by one or more authorities whose supervision Commerzbank is subject to anywhere in the world. Legal risk also arises in realised losses or provisions due to or in connection with court cases brought against Commerzbank (passive proceedings). Cases brought by Commerzbank (active proceedings) generally represent a credit risk rather than an operational risk, so the risk of loss is already taken into account through write-downs. However, the costs of legal action (court and lawyers' costs) for active proceedings are classified as legal risk.

Organisation Within Commerzbank, the management of legal risk throughout the Group is the responsibility of Group Legal.

All legal staff at the various Group Legal locations, the legal staff of the legal departments of the domestic and foreign subsidiaries and – where available – the legal staff in foreign branches are legal risk managers with the task of identifying and managing legal risk within Commerzbank worldwide and throughout the Group.

Risk management The task of the Group's legal risk managers is to detect legal risks and all losses potentially resulting from them at an early stage, to highlight possible solutions that might avoid or minimise such losses, and to play an active part in reaching decisions concerning legal risks. They must ensure that they are always up to date with all legal changes or new findings within their area of responsibility and inform the business units affected about the impact on legal risk and any action that needs to be taken as a result.

The legal risk managers are responsible for arranging or adjusting legal provisions and look after and monitor new and ongoing court proceedings.

In the case of passive proceedings provisions are recognised on the basis of the risk assessment carried out by the responsible legal risk manager. The expected risk of loss for proceedings generally corresponds to the size of the provisions to be recognised. To estimate the expected loss, the amount that the Bank would reasonably have to pay to settle the dispute at the current point in time should be calculated after each significant stage in the proceedings. In the case of active proceedings provisions are usually only recognised for the expected court and lawyers' costs.

Group Legal provides information about all major court proceedings and risk trends in the quarterly Legal Risk Report. This report is sent to the Bank's management, internal and external supervisory bodies and the OpRisk Committee.

Current developments Commerzbank Aktiengesellschaft and its subsidiaries are involved in a variety of court and arbitration cases, claims and official investigations (legal proceedings) in connection with a broad range of issues. They include, for example, allegations of defective advice, disputes in connection with credit finance, investigations by US authorities, including amongst others breaches of sanctions, disputes concerning the payment of variable elements of remuneration, entitlements to occupational pensions, allegedly false accounting and incorrect financial statements, tax claims, allegedly incorrect prospectuses in connection with underwriting transactions, and cases brought by shareholders and other investors. In addition, changes to rulings by supreme courts, which may render them more restrictive, in private customers business and elsewhere, may result in more claims being brought against Commerzbank or its subsidiaries. In most of these court cases, claimants are asking for the payment of compensation or the reversal of agreements already entered into. If the courts were to find in favour of one or more of the claimants in these cases, Commerzbank could be liable to pay compensation, which could in some cases be substantial, or could incur the expense of reversing agreements or of other cost-intensive measures. Some of these cases could also have an impact on the reputation of Commerzbank and of its subsidiaries. The Group builds up reserves for such proceedings if and insofar as liabilities are likely to result from them and the amounts to which it is likely to be liable can be sufficiently accurately determined. As there are considerable uncertainties as to how such proceedings will develop, the possibility cannot be excluded that some of the reserves created for them prove to be inadequate once the courts' final rulings are known. As a result, substantial additional expense may be incurred. This is also true in the case of legal proceedings for which the Group did not consider it necessary to create reserves. The eventual outcome of some legal proceedings might have an impact on Commerzbank's results and cashflow in a specified reporting period, in the worst case it can not be fully precluded that the liabilities that might result from them will have any long-term impact on Commerzbank's earnings performance, assets and financial position.

Reputational risk

Reputational risk is the risk that stakeholders may lose confidence in Commerzbank or that its reputation may be damaged as a result of negative events in its business activities. Commerzbank's stakeholder groups include in particular the public and the media, non-governmental organisations and its customers. In the present-day competitive environment, a company's reputation is becoming more and more important. One of the factors determining it is the Bank's handling of sustainability considerations in its core business (intrinsic reputational risks). Companies are judged not only on the basis of people's personal experiences of them, but also of reports reaching the public, especially through the media. Therefore reputational risk goes hand in hand with communication risk.

Strategy and organisation The segments and significant subsidiaries bear direct responsibility for reputational risk resulting from their particular business activity. The Reputational Risk Management department is part of the central Group Communications division of Commerzbank Group and focuses on intrinsic reputational risk that may directly lead to reputational damage for stakeholder groups. As such, Reputational Risk Management is the responsibility of the Chairman of the Board of Managing Directors and maintains close links with the relevant market units. It is a component of Commerzbank's overall risk strategy and is subject to internal and external reviews. Its task is to identify, evaluate and address intrinsic reputational risk in systematic processes at an early stage and suggest or implement appropriate measures (early warning function).

Risk management Managing intrinsic reputational risk means identifying potential environmental, social and ethical risks at an early stage and reacting to them in order to reduce any potential communication risk or even preventing it completely. Intrinsic reputational risk is managed by means of a qualitative approach. As part of a structured process, transactions, products and customer relationships in connection with sensitive areas are assessed with reference to environmental, social and ethical risks on a qualitative five-point scale. Depending on the outcome they may be assessed unfavourably or have conditions imposed on them or even be rejected outright.

The sensitive areas regularly and comprehensively analysed in Reputational Risk Management include e.g. export trades in the armaments industry and products and customer relationships relating to power generation and commodities extraction. Commerzbank's attitude towards these areas is laid down in positions and guidelines that are binding for all employees. Commerzbank's

Reputational Risk Management department regularly observes and analyses new environmental, ethical and social issues and forwards them to the relevant parts of the Bank. The reputational risks identified and addressed by the department are incorporated into the quarterly report on non-quantifiable risks prepared for the Supervisory Board's Risk Committee.

Compliance risk

Compliance means conforming to the provisions of the law and to regulatory requirements as well as maintaining other, largely ethical, standards and commitments. The risk that may arise from the failure to adhere to key legal regulations and requirements is referred to as compliance risk.

The confidence of our customers, shareholders and business partners that Commerzbank acts properly and legitimately forms the foundation of our business activities. The aim is therefore to ensure that key legal regulations and requirements are adhered to by having an appropriate and effectively structured compliance management system in place. Compliance risks may be either quantifiable or non-quantifiable risks. They therefore cannot be fully subsumed either under operational risks or under reputational risks. According to the business targets, Group Compliance is responsible for the overall management of compliance risk.

In our overarching and Group-wide approach to risk management, we aim to detect at an early stage any risks that could undermine the integrity and therefore the success of Commerzbank, and to manage these risks appropriately.

Compliance risk is managed in line with the three lines of defence model.

The segments as well as the management and service units form the first line of defence in accordance with their operational responsibility. They are directly responsible for identifying and managing compliance risk in their areas of responsibility and provide effective and prompt risk management, complying with the prescribed risk standards and policies. Group Compliance forms the second line of defence for the overarching management of compliance risks. Internal control bodies, e.g. internal auditing, are the third line of defence. They examine the effectiveness of the first and second lines' actions.

We are constantly developing our compliance risk management system in order to meet our responsibilities and cope with the growing complexity and increasing regulatory requirements, thereby enabling us to ensure long-term business success. In this context, the Board of Managing Directors has started with a Group-wide project to optimise compliance measures. The project particularly aims at the implementation of a framework to define and operationalise the risk appetite for compliance risks. Besides the risk-bearing capacity, which monitors the ability to absorb risks up to a certain level, the risk appetite defines the willingness to take risks in the business areas considering the regulatory requirements relating to compliance risks.

IT risk

IT risk is a form of operational risk. Our own definition of IT risk includes risks to the security of information processed in our systems in terms of meeting the four IT protection targets set out below:

Confidentiality: Information is confidential if it is not accessible to, or capable of being reconstructed by, unauthorised persons, business processes or IT systems.

Integrity: Information possesses integrity if it has not been modified or destroyed by any unauthorised means. An information-processing system (an IT system) possesses integrity if it can perform its intended functions without hindrance and free of unauthorised manipulations, whether deliberate or accidental.

Traceability: Actions and technologies applied to information are traceable if they themselves and their source can be traced back without any ambiguity.

Availability: Information is available if it is always capable of being used to a predefined extend by authorised persons, business processes and IT systems when it is required.

Commerzbank attaches great importance to the protection and security of its own information, of that entrusted to it by customers, and of the business processes and systems used to process it. They form a permanent core element in our IT strategy. The processing of information is based increasingly on information technologies. Correspondingly, our requirements on IT-security are essential when managing information security. Information security requirements are based on the IT protection targets referred to above and are set down in policies and procedural instructions.

IT risks are identified, evaluated and regularly reviewed as part of IT governance processes. IT risk is covered in the quarterly IT risk report. Information security is also established as a principal objective for our Internal Control System.

In addition, the most important IT risks are being evaluated in the framework of operational risk management through risk scenarios and considered in the Bank's RWA calculation. This includes the risk of a breakdown of critical IT, the risk of externals attacking the systems or data of the Bank (cyber crime), the theft of corporate data or the default of service providers and vendors.

Given the major importance of IT security to Commerzbank, it is continually further developed and improved by means of strategic projects about which the Board is kept informed on a regular basis. In this context, a uniform IT risk management process has been established in 2014. In addition, the department IT Risk Management as part of GS-IT was newly-created to strengthen the IT risk management.

Further tightening-up of the existing information security control structure is planned for 2015.

Human resources risk

Human resources risk falls within the definition of operational risk in section 269 (1) SolvV. The internal management interpretation of this definition at Commerzbank includes the following elements in human resources risk:

Adjustment risk: We offer selected internal and external training, continuing education and change programmes to ensure that the level of employee qualifications keeps pace with the current state of developments, structural changes are supported accordingly and our employees can fulfil their duties and responsibilities.

Motivation risk: Employee surveys enable us to respond as quickly as possible to potential changes in our employees' level of corporate loyalty and to initiate adequate measures.

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. We also regularly monitor both quantitative and qualitative measures of staff turnover.

Supply risk: Our quantitative and qualitative staffing aims to ensure that the internal operating requirements, business activities, and Commerzbank's strategy can be implemented.

Employees are a key resource for Commerzbank. Our success is based on the specialist knowledge, skills, abilities and motivation of our employees. Human resources risk is systematically managed by Group Human Resources with the aim of identifying risks as early as possible and assessing and managing them by applying selected personnel tools, for instance. The Board of Managing Directors is regularly being informed about human resources risk. In addition, the implementation of a second pilot scheme for systematic and strategic personnel planning is helping to put the management of medium- and long-term human resources risks on a more professional footing. The Board of Managing Directors will take a decision on the Bank-wide introduction of strategic personnel planning once the second pilot is completed in 2015.

Business strategy risk

Business strategy risk is the medium to long-term risk of negative influences on the achievement of Commerzbank's strategic goals, for example, as a result of changes in market conditions, or the inadequate implementation of the Group strategy.

Group strategy is developed further in a process that takes into account both external and internal factors. On the basis of these factors, the Board of Managing Directors sets out a sustainable business strategy describing the major business activities and steps required to meet the targets. To ensure proper implementation of the Group strategy to achieve the business targets, strategic controls are carried out through regular monitoring of quantitative and qualitative targets in the Group and the segments.

Responsibility for strategic corporate management lies with the Board of Managing Directors. Specific business policy decisions (acquisition and sale of equity holdings representing >1% of equity capital) also require the authorisation of the Risk Committee of the Supervisory Board. All major investments are subject to careful review by the Board of Managing Directors.

Model risk

Model risk is the risk of incorrect management decisions based upon an inaccurate depiction of reality by the models used. With regard to the causes of model risk we distinguish between model risk from exceeding model boundaries and model risk from model errors (sloppy mistakes in developing/implementing a model). Corresponding to the focus of the Group risk strategy to ensure that the Bank is adequately capitalised, the models for assessing risk-bearing capacity (capital requirements according to Pillars 1 and 2 of the Basel framework) are central for risk management.

Basic principles of the model risk management are the identification and avoidance of model risk as well as the appropriate account of known model risks (e.g. by conservative calibration or taking into account of model reserves). Model risks that are unknown and hence cannot be mitigated are accepted as an inherent risk in the complexity of the Commerzbank business model. Governance of model risk management implies requirements relating to model validation and model changes.

Disclaimer Commerzbank's internal risk measurement methods and models which form the basis for the calculation of the figures shown in this report are state-of-the-art and are based on banking sector practice. The risk models produce results appropriate to the management of the Bank. The measurement approaches are regularly reviewed by risk control and internal audit, external auditors and the German and European supervisory authorities. Despite being carefully developed and regularly monitored, models cannot cover all the influencing factors that have an impact in reality or illustrate their complex behaviour and interactions. These limits to risk modelling apply particularly in extreme situations. Supplementary stress tests and scenario analyses can only show examples of the risks to which a portfolio may be exposed in extreme market situations. However, stress testing all imaginable scenarios is not feasible. Stress tests cannot offer a final estimate of the maximum loss should an extreme event occur.

Income statement of Commerzbank Aktiengesellschaft for the period from 1 January to 31 December 2014

€m				2014	2013
Interest income from					
a) Lending and money market transactions		8,875			9,220
b) Fixed-income securities and debt register claims		1,141			1,141
			10,016		10,361
Interest expenses			–4,725		–5,643
				5,291	4,718
Current income from					
a) Equities and other non-fixed-income securities			5		7
b) Equity holdings			33		11
c) Holdings in affiliated companies			448		195
				486	213
Income from profit-pooling and from partial or full profit-transfer agreements				416	161
Commission income			3,161		3,082
Commission expenses			–594		–524
				2,567	2,558
Net trading income/expense				–	–289
of which: release as defined by Art. 340 e (4) sentence 2 no. 1 of HGB	259				–
Other operating income				499	699
General operating expenses					
a) Personnel expense					
aa) Wages and salaries		–2,721			–2,698
ab) Compulsory social-security contributions, expenses forpensions and other employee benefits		–581			–531
of which: for pensions	–187				–132
			–3,302		–3,229
b) Other administrative expenses			–2,303		–2,291
				–5,605	–5,520
Depreciation, amortisation and write-downs of intangible and fixed assets				–245	–201
Other operating expenses				–1,049	–818
Write-downs and valuation allowances on loans and certain securities and allocations to provisions in lending business				–1,506	–401
Income from write-ups on loans and certain securities and from the release of provisions in lending business				–	–
Write-downs and valuation allowances on equity holdings, holdings in affiliated companies and securities accounted for as fixed assets				–304	–193
Income from write-ups on equity holdings, holdings in affiliated companies and securities accounted for as fixed assets				–	–
Expenses from the transfer of losses				–5	–170
Income from release of fund for general banking risks				–	–
Profit or loss on ordinary activities				545	757
Extraordinary profit or loss				–46	–519
Taxes on income			–192		–48
Other taxes			–25		–24
				–217	–72
Net profit				282	166
Transfer to other retained earnings				–141	–83
Distributable profit				141	83

Balance sheet of Commerzbank Aktiengesellschaft as at 31 December 2014

Assets | €m				**31.12.2014**	**31.12.2013**
Cash reserve					
a) Cash on hand			1,000		977
b) Balances with central banks			2,604		8,577
of which: with Deutsche Bundesbank		239			1,770
				3,604	**9,554**
Debt issued by public-sector borrowers, and bills of exchange rediscountable at central banks					
a) Treasury bills and discountable treasury notes, as well as similar debt issues by public-sector borrowers			336		581
				336	**581**
Claims on banks					
a) Payable on demand			11,109		19,304
b) Other claims			81,634		105,002
of which: public-sector loans		281			326
				92,743	**124,306**
Claims on customers				**171,491**	**171,065**
of which: secured by mortgages on real estate		40,350			28,531
public-sector loans		10,429			5,318
Bonds and other fixed-income securities					
a) Money market instruments					
aa) Issued by public-sector borrowers		56			87
of which: rediscountable at Deutsche Bundesbank	–				–
ab) Issued by other borrowers		–			400
of which: rediscountable at Deutsche Bundesbank	–				400
			56		487
b) Bonds and notes					
ba) Issued by public-sector borrowers		14,330			7,962
of which: rediscountable at Deutsche Bundesbank	14,254				7,609
bb) Issued by other borrowers		30,859			23,170
of which: rediscountable at Deutsche Bundesbank	25,054				18,956
			45,189		31,132
c) Own bonds			507		672
Nominal amount €505m					
				45,752	**32,291**

Assets | €m			31.12.2014	31.12.2013
Equities and other non-fixed-income securities			**402**	**881**
Trading assets			**87,350**	**115,593**
Equity holdings			**403**	**457**
of which: investments in banks	318			318
investments in financial services companies	31			2
Holdings in affiliated companies			**8,374**	**9,117**
of which: investments in banks	2,562			2,806
investments in financial services companies	581			495
Fiduciary assets			**1,325**	**1,020**
of which: loans at third-party risk	460			516
Intangible assets				
a) Proprietary intellectual property rights and similar rights and assets		589		437
b) Purchased concessions, industrial property rights and similar rights and assets as well as licences relating to such rights and assets		164		122
			753	**559**
Fixed assets			**550**	**410**
Other assets			**2,668**	**2,499**
Accrued and deferred items				
a) From issuing and lending business		164		213
b) Other accrued and deferred items		239		199
			403	**412**
Excess of plan assets over liabilities			**1,204**	**518**
Total assets			**417,358**	**469,263**

Balance sheet of Commerzbank Aktiengesellschaft as at 31 December 2014

Liabilities and Shareholders' Equity | €m			31.12.2014	31.12.2013
Liabilities to banks				
a) Payable on demand		39,219		32,345
b) With agreed term or notice period		66,337		53,472
of which: issued registered public Pfandbriefe	–			5
issued registered ship Pfandbriefe	34			104
			105,556	**85,817**
Liabilities to customers				
a) Savings deposits				
aa) With agreed notice period of three months	6,701			6,191
ab) With agreed notice period of more than three months	59			90
		6,760		6,281
b) Other liabilities				
ba) Payable on demand	126,243			140,129
bb) With agreed term or notice period	62,193			83,518
		188,436		223,647
of which: issued registered public Pfandbriefe	838			866
issued registered ship Pfandbriefe	1,410			1,600
			195,196	**229,928**
Securitised liabilities				
a) Bonds and notes issued		24,002		31,478
aa) Mortgage Pfandbriefe	1,982			1,003
ab) Public Pfandbriefe	1,174			669
ac) Ship Pfandbriefe	695			1,048
ad) Other bonds	20,151			28,758
b) Other securitised liabilities		3,149		3,281
ba) Money market instruments	3,136			3,265
bb) Own acceptances and promissory notes outstanding	13			16
			27,151	**34,759**
Trading liabilities			**44,605**	**72,641**
Fiduciary liabilities			**1,325**	**1,020**
of which: loans at third-party risk	460			516
Other liabilities			**10,442**	**11,476**
Accrued and deferred items				
a) From issuing and lending business		41		39
b) Other accrued and deferred items		333		280
			374	**319**

Liabilities and Shareholders' Equity | €m				31.12.2014	31.12.2013
Provisions					
a) Provisions for pensions and similar commitments			35		35
b) Provisions for taxes			228		202
c) Other provisions			3,466		3,077
				3,729	**3,314**
Subordinated liabilities				**9,903**	**10,934**
Profit-sharing certificates outstanding				**842**	**842**
of which: maturing in less than two years		737			75
Fund for general banking risks				**216**	**476**
of which: allocation pursuant to Art. 340 e (4) HGB		216			476
Equity					
a) Subscribed capital					
aa) Share capital	1,139				1,139
Treasury shares	–				–
(conditional capital €2,750m)		1,139			1,139
ab) Silent participations		491			491
			1,630		1,630
b) Capital reserve			15,928		15,928
c) Retained earnings			320		96
d) Distributable profit			141		83
				18,019	**17,737**
Liabilities and Shareholders' Equity				**417,358**	**469,263**
1. Contingent liabilities					
a) Contingent liabilities from rediscounted bills of exchange credited to borrowers			7		6
b) Liabilities from guarantees and indemnity agreements			36,080		34,077
				36,087	**34,083**
2. Other commitments					
a) Irrevocable lending commitments				**56,787**	**49,252**

Notes

General information

(1) Basis of preparation

The financial statements of Commerzbank Aktiengesellschaft as at 31 December 2014 have been prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch, HGB) and the Regulation on the Accounting of Credit Institutions and Financial Services Institutions (RechKredV) and in accordance with the provisions of the German Stock Corporation Act (Aktiengesetz, AktG) and the German Pfandbrief Act (Pfandbriefgesetz, PfandBG).

In addition to the financial statements – consisting of the income statement, the balance sheet and the notes – a management report has been prepared in accordance with Art. 289 HGB.

Unless otherwise indicated, all amounts are shown in millions of euros. In the income statement and balance sheet, amounts under €500,000.00 are shown as €0m; where an item is €0.00, this is denoted by a dash. In all other notes amounts rounded down to €0m and zero items are both indicated by a dash.

In the notes on Pfandbriefe the amounts in millions of euro are quoted to one decimal place. Small differences may occur in totals and percentage figures due to rounding.

(2) Accounting and measurement policies

The cash reserve is stated at nominal value. Debt issued by public-sector borrowers is shown at net present value. Claims on banks and customers are reported at their nominal value, less any valuation allowances that have been recognised. Differences between the acquisition cost and the nominal amount with interest-like characteristics are reported in accrued and deferred items and recognised successively over their lifetime in net interest income.

Loan loss provisions are calculated for all on-balance-sheet claims and off-balance-sheet transactions at individual transaction level and on a portfolio basis using internal parameters and models. In doing so we distinguish 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 and allowing for any collateral held. General loan loss provisions are estimated using models. The regular reversal of loan loss provisions as a result of an increase in net present value is shown under interest income in the income statement.

Securities in the liquidity reserve are shown according to the rules for current assets at the lower of acquisition cost or fair value with the strict lower-of-cost-or-market principle applied, unless they are reported as a hedge relationship. Securities held as fixed assets are treated in accordance with the modified lower-of-cost-or-market principle.

Equity holdings and holdings in affiliated companies are carried at amortised cost, in accordance with the rules for fixed assets. If the impairment of a holding is expected to be permanent, the carrying amount of the asset is written down. If the reasons for an impairment cease to exist, the asset is written up to a maximum of the amortised cost.

Write-downs and valuation allowances are shown net of write-ups. In the case of securities in the liquidity reserve, they are reported under write-downs and valuation allowances on loans and certain securities and allocations to provisions in lending business. In the case of securities held as long-term investments they are reported under write-downs and valuation allowances on equity holdings, holdings in affiliated companies and securities accounted for as fixed assets.

Derivative financial instruments are used both to hedge balance sheet items and for trading purposes and are measured individually as of the reporting date. Hedge relationships including derivative hedging transactions are recognised in accordance with the principles of Art. 254 HGB. We predominantly use the gross hedge presentation method for the hedge accounting of micro hedges in the liquidity reserve, with the net hedge presentation method used for a small number of selected portfolios. The underlying and hedging transactions in micro hedges on the liabilities side and portfolio hedges are recognised in accordance with the net hedge presentation method. Internal transactions are accounted for using the arm's length principle.

We measure the trading portfolio at fair value minus a risk charge in accordance with Art. 340 e (3) HGB. In accordance with Art. 255 (4) HGB the fair value corresponds to the market price. For listed products market prices are used; for unlisted products comparable prices and indicative prices from pricing service providers or other banks are used. The risk discount is calculated on the basis of the regulatory value-at-risk approach in such a way that the anticipated maximum loss from the trading books will not be exceeded with a 99% probability over a holding period of 10 days. A historical observation period of one year is used. The value-at-risk is calculated centrally for the entire portfolio and deducted from trading assets on the balance sheet. If an addition to the fund for general banking risks is required in the reporting year in accordance with Art. 340 e (4) HGB, this is deducted from net trading income. Variation margins payable and due on exchange-traded derivatives are reported on a net basis within other assets and other liabilities.

Commerzbank Aktiengesellschaft offsets positive and negative fair values and the associated margin payments (cash collateral) of OTC derivatives in the trading portfolio with both central and non-central counterparties. The amounts offset from the margins and fair values are reported in the trading assets or liabilities on a net basis.

The fair value of securities and derivative financial instruments is based either on prices available on a market (e.g. stock market quotations) or valuation models. If fair value cannot be determined, the acquisition cost is used in accordance with Art. 255 (4) HGB. If mathematical valuation models are used to determine fair value, we use parameters available on the market as far as possible (for example yield curves, volatilities and spreads), including further discounts and premiums to take into account risk, liquidity and administrative costs and the cost of capital.

The fair value of derivative financial instruments is closely linked to the performance of the underlying instruments. The underlying instruments for derivatives are in particular shares, bonds, foreign currencies, precious metals and commodities as well as indices and interest rates. Future expected fluctuations in value of the underlying and the term of the derivative itself also have an impact on the fair value.

Where no market prices are available on an active market, fair value is determined by various methods including valuation models. Both the valuation models selected and the parameters used depend on the individual product and are in line with market standards.

The fair value for forward transactions and swaps is determined using discounted cash flow methodology based on the yield curve for the relevant currency.

Standardised and digital options are generally priced using the Black-Scholes model. Binomial approaches and Monte Carlo simulations are used for more complex options. Monte Carlo simulations are also used for other structured derivatives.

For non-exchange-traded derivatives held in the trading portfolio counterparty default risk is accounted for by recognising credit valuation adjustments (CVA), with Commerzbank Aktiengesellschaft's non-performance risk accounted for by recognising debit valuation adjustments (DVA). CVAs and DVAs are based on observable market data (for example credit default swap spreads) where available. For liabilities in the trading portfolio the Bank's own credit spread is also accounted for at fair value. Changes in the fair value of the trading portfolio are netted and shown in net trading income. Own issues which have been bought back in the trading portfolio and own bonds are shown net where there is no longer a debt outstanding.

Repurchase agreements are stated in accordance with the regulations of Art. 340 b HGB. Securities lent continue to be recognised on the balance sheet of Commerzbank Aktiengesellschaft as the title is retained, while securities borrowed are not recognised on the balance sheet. Claims and liabilities from repos and reverse repos with central counterparties are offset and reported on a net basis.

Fixed assets are stated at acquisition or production cost, less depreciation if applicable. The depreciation rates are based on the useful economic lives of the asset. If an asset is expected to be permanently impaired, it is written down to the impaired value.

Intangible assets developed in-house are recognised at the value of development costs incurred. Low-value assets are recognised in accordance with the relevant local tax simplification rules.

Liabilities are stated at their settlement amount. We recognise differences between the amount to be repaid and the amount paid out as accrued and deferred items and recognise them through profit or loss over the lifetime of the liability. Non-current discounted liabilities (zero bonds) are recognised at net present value.

Pension provisions are calculated annually by independent actuaries using the projected unit credit method. The calculation parameters can be found in the note on provisions. Plan assets to cover pension obligations are measured at fair value and netted against the provisions created for this purpose in accordance with Art. 246 (2) sentence 2 HGB. In the case of obligations for age-related short-time working, the plan assets are netted against the payment arrears in accordance with the pronouncement IDW RS HFA3 published by the Institute of Public Auditors in Germany. If an asset surplus arises from offsetting plan assets against the provisions for pensions and obligations for age-related short-time working, this is shown on the balance sheet under excess of plan assets over liabilities. The contribution required under Art. 67 (1) EGHGB will be provided no later than 31 December 2024.

Provisions for taxes and other provisions are recognised at the settlement amount estimated as necessary using reasonable commercial judgement; provisions with a residual term of more than one year are discounted to their present value.

The interest-rate-based financial instruments outside the trading book (i.e. in the banking book) are tested annually in their entirety for an excess liability using a net present value-based approach. As in previous years this valuation did not give rise to any need to establish a provision for impending losses.

Negative interest rates were not significant for the Commerzbank Group in 2014 and were therefore deducted from interest income or interest expenses.

Deferred taxes are recognised for temporary differences between the accounting values of assets, debts and accrued and deferred items and their tax values, as well as for tax loss carryforwards. Deferred tax liabilities arising from the differences between the accounting and tax value of trading liabilities, pension provisions and intangible assets were netted against deferred tax assets arising from differences between the accounting and tax value of risk provisions, trading assets, claims on banks and tax loss carryforwards. Deferred tax assets remaining after this netting process are not reported, in accordance with the option set out in Art. 274 (1) sentence 2 HGB.

Commerzbank Aktiengesellschaft values the deferred taxes on the basis of the tax rates applying to each individual entity. The income tax rate of the domestic entities is 31.2% (previous year: 31.2%). This is made up of the German corporate income tax rate of 15.0%, plus the solidarity surcharge of 5.5% and an average rate of 15.4% for trade tax. Deferred taxes in the foreign branches are measured using the tax rates applicable in these countries, which range from 12% to 46%.

(3) Currency translation

Foreign currencies are translated into euro in accordance with the provisions of Articles 256 a and 340 h HGB. We translate assets and liabilities and income and expenses denominated in foreign currencies and pending spot market transactions at the spot mid-rate on the balance sheet date. This also applies to the translation of the principal amounts in cross-currency swaps outside the trading book. Currency-related forward transactions in the trading book are measured at fair value. Due to the special cover in the same currency, profits and losses from currency translation are recognised through profit or loss. The financial statements of our branches abroad which are denominated in foreign currencies are translated into the reporting currency at the spot mid-rate on the balance sheet date. Banknote and coin holdings are translated using the exchange rate effective on the balance sheet date.

(4) Changes in accounting policies

In 2014 we refined the method we use to calculate bid-offer adjustments. The change had a negative impact of €26m on net trading income.

As already occurs for OTC derivatives with central counterparties, fair values and cash collateral of OTC derivatives with other counterparties, where they operate under a master agreement with a credit support annex that provides for the daily exchange of collateral, were offset for the first time in 2014. Daily settlement amounts to a fulfilment of the obligation in substance and therefore leads to a more accurate representation of the exposure. Offsetting did not have any impact on net trading income. In a first step positive fair values of derivative financial instruments of €47,492m were offset against €47,492m of negative fair values. In a second step incoming margin payments relating to the fair values – within liabilities to banks – were offset against positive fair values of derivative financial instruments of €5,071m. Moreover, collateral paid – which is contained in the claims on banks item – was offset against negative fair values of derivative financial instruments of €9,055m. This offsetting led to a reduction in trading assets by €52,563m and a reduction in trading liabilities by €56,547m.

If this netting method had been applied to the balance sheet as at 31 December 2013 it would have produced the following values:

€m	31.12.2013	Offsetting	31.12.2013 (after netting)
Trading assets			
of which: derivative financial instruments	71,170	–39,968	31,202
Claims on banks	124,306	–5,558	118,748
Total assets	**195,476**	**–45,526**	**149,950**
Trading liabilities			
of which: derivative financial instruments	64,665	–41,299	23,366
Liabilities to banks	85,817	–4,227	81,590
Liabilities and Shareholders' Equity	**150,482**	**–45,526**	**104,956**

Notes to the income statement

(5) Breakdown of revenues by geographic markets

€m	2014	2013
Europe including Germany	13,710	13,652
America	219	230
Asia	234	184
Africa	–	–
Total	**14,163**	**14,066**

The total amount includes the items interest income, current income from equities and other non-fixed-income securities, equity holdings, holdings in affiliated companies, commission income, net trading income and other operating income.

(6) Auditors' fee

We have exercised the option permitted by Art. 285 (17) HGB to report the auditors' fee in the Group financial statements.

(7) Other operating income

Other operating income of €499m (previous year: €699m) primarily contained €372m (previous year: €278m) from the release of provisions, of which €31m (previous year: €90m) related to the reversal of provisions for restructuring expenses. This item also contains income from currency translation of €1m (previous year: €5m).

(8) Other operating expenses

Other operating expenses of €1,049m (previous year: €818m) included €927m (previous year: €352m) in allocations and other expenses relating to provisions for litigation and recourse risks and currency translation expense of €18m (previous year: €19m).

(9) Extraordinary expense

The extraordinary expense of €46m (previous year: €519m) contains the required allocation of €46m (previous year: €46m) to pension provisions.

(10) Administrative and agency services

The following material administrative and agency services were provided for third parties:

- Custody account administration
- Agency services for insurance and home loan savings plans
- Asset management
- Management of fiduciary assets
- Securities commission business
- Processing of payment transactions
- Agency services for mortgage loans

Notes to the balance sheet

(11) Maturity structure of claims and liabilities

€m	31.12.2014	31.12.2013
Other claims on banks	**81,634**	**105,002**
with a residual term of		
less than three months	41,916	68,133
more than three months, but less than one year	25,490	19,555
more than one year, but less than five years	12,025	14,522
more than five years	2,203	2,792
Claims on customers	**171,491**	**171,065**
with an indefinite term	18,232	18,053
with a residual term of		
less than three months	26,724	34,803
more than three months, but less than one year	20,840	21,272
more than one year, but less than five years	46,100	44,091
more than five years	59,595	52,846

€m	31.12.2014	31.12.2013
Liabilities to banks		
with an agreed term or notice period	**66,337**	**53,472**
with a residual term of		
less than three months	27,345	16,651
more than three months, but less than one year	8,217	7,516
more than one year, but less than five years	19,701	18,098
more than five years	11,074	11,207
Savings deposits		
with an agreed notice period of more than three months	**59**	**90**
with a residual term of		
less than three months	9	20
more than three months, but less than one year	21	32
more than one year, but less than five years	21	29
more than five years	8	9
Other liabilities to customers		
with an agreed term or notice period	**62,193**	**83,518**
with a residual term of		
less than three months	30,049	51,581
more than three months, but less than one year	19,615	17,031
more than one year, but less than five years	5,239	7,214
more than five years	7,290	7,692
Other securitised liabilities	**3,149**	**3,281**
with a residual term of		
less than three months	677	1,683
more than three months, but less than one year	2,471	1,598
more than one year, but less than five years	1	–
more than five years	–	–

Of the €24,002m of bonds and notes issued (previous year: €31,478m), €5,833m will fall due in 2015.

(12) Cover assets for bonds issued by the Bank

€m	31.12.2014	31.12.2013
Claims on banks	307	453
Claims on customers	10,055	7,507
Bonds and other fixed-income securities	632	478
Total	**10,994**	**8,438**

(13) Securities

As at 31 December 2014 the breakdown of marketable securities was as follows:

	Listed on a stock exchange		Not listed	
€m	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Bonds and other fixed-income securities	36,729	22,652	9,023	9,639
Equities and other non-fixed-income securities	–	421	352	448
Equity holdings	–	–	29	29
Holdings in affiliated companies	2,380	2,377	–	–

Of the bonds and other fixed-income securities amounting to €45,752m (previous year: €32,291m), €6,736m will fall due in 2015.

(14) Trading securities

The criteria laid down within the Bank for the inclusion of financial instruments in the trading portfolio did not change during the financial year.

To offset a net trading expense Commerzbank Aktiengesellschaft dissolved the fund for general banking risks as defined by Art. 340e (4) sentence 2 no. 1 HGB amounting to €259m (previous year: –) as at 31 December 2014.

€m	31.12.2014	31.12.2013
Trading assets	**87,350**	**115,593**
Derivative financial instruments	42,706	71,170
Claims	1,270	477
Bonds and other fixed-income securities	17,189	21,642
Equities and other non-fixed-income securities	26,223	22,353
Risk charge value at risk	–38	–49

€m	31.12.2014	31.12.2013
Trading liabilities	**44,605**	**72,641**
Derivative financial instruments	35,107	64,665
Liabilities	9,498	7,976

(15) Hedge relationships

To balance contrary changes in value, micro and portfolio hedge relationships are created to hedge the resultant risks, with both the gross and net hedge presentation methods being used.

In the gross hedge presentation method the effective and ineffective portions of the contrary changes in the underlying and hedging transactions are recognised in income. This method is used for securities in the liquidity reserve, where the general risk of a change in interest rates is hedged. Interest-rate-induced changes in the value of the securities are almost entirely compensated by the change in the value of the associated hedges. The prospective and retrospective effectiveness of the hedge relationships is demonstrated using regression analysis. The average term to maturity of these hedge relationships is four years (previous year: four years). Hedge relationships are no longer created for assets with embedded equity risks.

In the net hedge presentation method contrary changes in the underlying and hedging transactions are not recognised in income. For a small number of selected portfolios in the liquidity reserve hedge relationships were accounted for on the basis of the net hedge presentation method for the first time in 2014. In this method interest rate-related changes in the value of the securities are hedged in full, while non-interest-rate-related changes are reported in income. The effectiveness of the interest rate hedges is measured on the basis of a portfolio-based value-at-risk approach. The average term to maturity of these hedge relationships is four years. In the case of one portfolio the effectiveness is demonstrated by analysing interest rate sensitivity. The average term of this portfolio is one year (previous year: two years).

The effectiveness of hedge relationships for own issues in the non-trading portfolio is measured using a simplified test based on a portfolio-based sensitivity analysis or a qualitative comparison of the characteristics of the hedged transaction and the hedging instrument. The average term to maturity of these hedge relationships is four years (previous year: four years).

The changes in value of the underlying transactions which are offset by contrary changes in the hedging transactions within effective hedge relationships correspond to the level of the hedged risk. The table below shows the assets and liabilities included in hedge relationships:

	Book values		Nominal values		Level of hedged risk
€m	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014
Securities of liquidity reserve	27,256	22,606	29,070	22,149	−930
Issues of non-trading portfolio	55,580	61,523	56,809	62,926	−3,550

(16) Relationships with affiliated companies and equity holdings

	Affiliated companies		Equity holdings	
€m	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Claims on banks	35,613	50,169	41	83
Claims on customers	9,670	12,037	559	431
Bonds and other fixed-income securities	7,424	8,835	–	–
Trading assets	1,234	2,359	25	20
Liabilities to banks	17,484	16,335	8	14
Liabilities to customers	9,037	13,025	926	656
Securitised liabilities	984	1,539	–	–
Trading liabilities	–	–	1	2
Subordinated liabilities	929	1,287	–	–

Transactions with affiliated companies are carried out on normal market terms and conditions. Relationships with related parties are set out in the note on remuneration and loans to board members, and in the remuneration report.

(17) Fiduciary transactions

€m		31.12.2014	31.12.2013
Claims on customers		460	516
Bonds and other fixed-income securities		–	–
Other fiduciary assets		801	440
Commerzbank Foundation		64	64
of which:	cash at bank – current accounts	2	–
	securities	62	63
	Other assets	–	1
Fiduciary assets		**1,325**	**1,020**
of which: loans at third-party risk		460	516
Liabilities to banks		12	16
Liabilities to customers		448	500
Other fiduciary liabilities		801	440
Commerzbank Foundation		64	64
of which:	capital and reserves	63	63
	liabilities	1	1
	foundation net profit or loss	–	–
Fiduciary liabilities		**1,325**	**1,020**
of which: loans at third-party risk		460	516

(18) Changes in book value of fixed assets

€m		Intangible assets	Fixed assets	Securities held as fixed assets	Equity holdings[1]	Holdings in affiliated companies[1]
Cost of acquisition/production as at 1.1.2014		**1,365**	**1,718**	**817**		
Additions in 2014		333	243	80		
Disposals in 2014		87	114	120		
Transfers		–	8	–		
Exchange rate changes		5	13	54		
Cost of acquisition/production as at 31.12.2014		**1,616**	**1,868**	**831**		
Cumulative write-downs		863	1,318	539		
of which:	Write-downs in 2014	139	106	–		
	Write-ups in 2014	–	–	–		
Residual book values as at 31.12.2014		**753**	**550**	**292**	**403**	**8,374**
Residual book values as at 31.12.2013		**559**	**410**	**314**	**457**	**9,117**

[1] 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 €205m (previous year: €50m), properties amounting to €190m (previous year: €36m) are used by Commerzbank Aktiengesellschaft. Office furniture and equipment amounting to €345m (previous year: €360m) was included in the fixed assets.

As at 31 December 2014 development costs of €589m (previous year: €437m) for intangible assets developed in-house were capitalised. Commerzbank Aktiengesellschaft does not undertake research in connection with the in-house development of intangible assets.

(19) Other assets

Other assets of €2,668m (previous year: €2,499m) primarily contained claims on tax authorities of €761m (previous year: €907m), precious metals in the non-trading portfolio of €122m (previous year: €209m), amounts owed under profit transfer agreements of €417m (previous year: €161m) as well as accrued and deferred interest on non-trading derivatives of €213m (previous year: €269m) and margin due on exchange-traded futures transactions of €159m (previous year: €192m).

(20) Subordinated assets

€m	31.12.2014	31.12.2013
Claims on banks	92,743	124,306
of which: subordinated	692	792
Claims on customers	171,491	171,065
of which: subordinated	495	497
Bonds and other fixed-income securities	45,752	32,291
a) Bonds and notes issued by other borrowers	30,859	23,170
of which: subordinated	–	–
b) Own bonds	507	672
of which: subordinated	7	7
Equities and other non-fixed-income securities	402	881
of which: subordinated	–	421
Trading assets[1]	87,350	115,593
of which: subordinated	218	218
Total	**1,412**	**1,935**

[1] Measured at fair value.

(21) Repurchase agreements

As at 31 December 2014 the carrying amount recorded in the balance sheet for assets transferred under repurchase agreements amounted to €4,737m (previous year: €2,849m).

(22) The Bank's foreign currency position

As at 31 December 2014 foreign currency assets amounted to €141,833m (previous year: €171,240m) and foreign currency liabilities amounted to €94,433m (previous year: €140,029m).

(23) Collateral pledged for own liabilities

€m	31.12.2014	31.12.2013
Liabilities to banks	56,954	57,444
Liabilities to customers	7,308	42,405
Securitised liabilities	500	500
Other commitments	6,340	7,791
Total	**71,102**	**108,140**

Assets of matching amounts were pledged as collateral for the liabilities listed above. Collateral is provided to borrow funds under securities repurchase agreements, for funds borrowed for specific purposes and in connection with open market transactions in the Eurosystem.

In addition bonds to the value of €609m issued by the Bank (previous year: €610m) are backed by collateral which, although legally sold, remains under the beneficial ownership of Commerzbank Aktiengesellschaft.

(24) Other liabilities

Other liabilities amounting to €10,442m (previous year: €11,476m) contained liabilities attributable to film funds amounting to €1,470m (previous year: €1,690m) and liabilities under securitisation transactions of €6,479m (previous year: €7,932m).

(25) Provisions

a) Provisions for pensions and similar commitments

Pension provisions are calculated on the basis of actuarial principles using a discount rate set by Deutsche Bundesbank of 4.54% (previous year: 4.89%), applying the projected unit credit method on the basis of the Heubeck 2005 G mortality tables. At the reporting date the interest rate published by Deutsche Bundesbank was 4.53 %. The discount rate used was forecast at a level of 4.54% at the year-end on the basis of the information published by Deutsche Bundesbank as at 30 November 2014. This assumes an expected general salary and wage increase including assumed career trends of 2.50% p.a. (previous year: 2.50% p.a.); for pension increases we assume an interest rate of 1.80% p.a. (previous year: 1.80% p.a.). An increase of 2.00% p.a. (previous year: 2.00% p.a.) is assumed for the income threshold for assessing social security contributions. The shortfall due to unrecognised pension obligations within the meaning of Art. 28 (2) EGHGB amounted to €13m (previous year: €20m).

In accordance with the option under Art. 67 (1) sentence 1 EGHGB, Commerzbank Aktiengesellschaft is increasing the provisions for the difference which has arisen due to the change in pension valuations following the German Accounting Law Modernisation Act (BilMoG) from 1 January 2010 on a pro rata basis, resulting in a deficit of €267m (previous year: €313m) remained at year-end. The transfer was recorded in extraordinary expenses.

In accordance with Art. 246 (2) sentence 2 HGB, the plan assets held to cover pension obligations are netted against the provisions created for this purpose.

As at 31 December 2014, the following values were recorded for these items before offsetting:

€m	31.12.2014	31.12.2013
Fair value of the plan assets	5,839	4,861
Amount to be paid	5,006	4,705

In accordance with Art. 246 (2) sentence 2 HGB, changes in the value of the plan assets are netted against the time value of money effects from the remeasurement of the pension obligation. Prior to offsetting, the imputed interest expense for provisions for pensions which are safeguarded by plan assets amounted to €463m (previous year: €329m). Income from plan assets before offsetting amounted to €978m (previous year: €33m). The historic cost of the plan assets amounted to €5,090m (previous year: €4,729m).

Plan assets are mainly invested in institutional funds focusing on fixed income securities, equities and derivatives. They also contain private equity investments, capitalisation products, exchange-traded funds and credit balances on bank accounts. Recognised quoted or market prices have been obtained for the institutional and retail funds. Private equity investments are measured according to values provided by the relevant fund. The asset value of the capitalisation product is calculated by the insurance company according to recognised actuarial principles and comprises contributions paid, guaranteed interest accrued to date and surpluses allocated less costs. Credit balances on bank accounts are recognised at nominal value.

b) Other provisions

Other provisions largely consist of provisions for litigation and recourse risks. Provisions for personnel-related matters, including restructuring, age-related short-time working and early retirement, are also contained in this item. The restructuring provisions for the planned adjustment of personnel capacities amounted to €370m (previous year: €566m). The expense from imputed interest on other provisions amounted to €52m for the financial year (previous year: €51m) and is reported under interest expense in accordance with Art. 277 (5) HGB.

(26) Subordinated liabilities

In the event of insolvency or winding-up, the subordinated liabilities of €9,903m (previous year: €10,934m) may only be repaid after the claims of all non-subordinated creditors have been satisfied. There is no obligation to repay the liabilities or right to claim interest until this condition has been met.

The obligations arising from the bonds and notes are subordinated obligations of the issuer which rank pari passu with all the issuer's other subordinated liabilities. The bearer may not put bonds and notes. The terms and conditions for subordinated liabilities apply. Conversion into equity or another form of debt is not stipulated in the contractual agreements.

In the financial year, interest paid on subordinated liabilities amounted to €641m (previous year: €574m). The following borrowings exceeded 10% of the subordinated liabilities as at 31 December 2014:

German securities identification no. (WKN)	Currency	€m	Interest rate %	Due date
WKN CB83CE	EUR	1,316	6.38	22.3.2019
WKN CB83CF	EUR	1,327	7.75	16.3.2021

(27) Profit-sharing certificates

Under the conditions of the profit-sharing certificates, the servicing of interest and repayment claims arising from the profit-sharing rights is linked to the Bank's net profit (not dividend payments). In the event of insolvency, claims arising from profit-sharing certificates are subordinate to all other non-subordinated creditors, but rank above shareholders. The table below shows the outstanding profit-sharing certificates at the end of the financial year 2014:

German securities identification no. (WKN)	Currency	€m	Interest rate %	Maturing on 31.12.
Profit-sharing certificate WKN DR2U70	EUR	662	5.39	2015
Profit-sharing certificate WKN A0D4TQ9	EUR	50	4.70	2020
Profit-sharing certificate WKN A0HGNA3	EUR	30	4.70	2020
Registered profit-sharing certificate WKN 422785[1]	EUR	50	7.53	2014
Registered profit-sharing certificate WKN 422720[1]	EUR	25	7.56	2014
Registered profit-sharing certificate WKN 901008000A	EUR	10	5.38	2017
Registered profit-sharing certificate WKN 901008000B	EUR	10	5.38	2017
Registered profit-sharing certificate WKN 901008100	EUR	5	5.37	2017
		842		

[1] To be repaid on 1 July 2015.

(28) Equity

€	31.12.2014		31.12.2013	
Equity		**18,019,239,218.46**		**17,736,822,492.90**
a) Subscribed capital		1,629,891,941.00		1,629,891,941.00
Share capital	1,138,506,941.00		1,138,506,941.00	
Silent participations	491,385,000.00		491,385,000.00	
b) Capital reserve		15,927,943,159.47		15,927,943,159.47
c) Retained earnings		320,195,755.21		95,931,187.90
d) Distributable profit		141,208,362.78		83,056,204.53

a) Subscribed capital

As at 31 December 2014, the share capital of Commerzbank Aktiengesellschaft amounted to €1,138,506,941.00 and was divided into 1,138,506,941 no-par-value shares, each with an accounting par value of €1.00.

On the reporting date the silent participations of HT1 Funding GmbH of €415,885,000 and a number of other silent participations totalling €75,500,000 remained in place.

b) Capital reserve

In the capital reserve, premiums from the issue of Commerzbank Aktiengesellschaft shares are shown. Additional cash payments from the issue of conversion and option rights entitling holders to purchase Commerzbank Aktiengesellschaft shares are also recognised here. The capital reserve remained unchanged compared with the prior year at €15,927,943,159.47 as at 31 December 2014.

c) Retained earnings

€	
As at 31.12.2013	95,931,187.90
Allocation to other retained earnings	224,264,567.31
of which: addition from distributable profit of prior year	83,056,204.53
As at 31.12.2014	**320,195,755.21**

The retained earnings of Commerzbank Aktiengesellschaft consist of other retained earnings.

(29) Authorised capital

Date of AGM resolution	Original authorised capital €m	Remaining authorised capital €	Date of expiry	Pursuant to the articles of association
2011	2,000	1,462,936,397.00	5.5.2016	Art. 4 (3)
2012	1,150	1,150,000,000.00	22.5.2017	Art. 4 (5)
As at 31.12.2013	**3,150**	**2,612,936,397.00**		
As at 31.12.2014	**3,150**	**2,612,936,397.00**		

The conditions for capital increases from authorised capital for the individual capital items as at 31 December 2014 are given in the Articles of Association of Commerzbank Aktiengesellschaft dated 29 May 2013 and by the undertaking declared under agenda item 10 of the AGM of 19 April 2013.

The Board of Managing Directors is authorised, with the approval of the Supervisory Board, to increase the Company's share capital during the period up to 5 May 2016 through the issue of new no-par-value shares for cash or contributions in kind, in either one or several tranches, but not exceeding a maximum of €1,462,936,397.00 (Authorised Capital 2011 in accordance with Art. 4 (3) of the Articles of Association). In principle, shareholders shall be offered subscription rights; the statutory subscription right may also be granted in such a 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 Aktiengesellschaft. However, the Board of Managing Directors is authorised to exclude subscription rights, with the approval of the Supervisory Board, in the following cases:

- In order to exclude fractional amounts from subscription rights;
- To the extent necessary, to grant the holders of conversion or option rights, either already issued or still to be issued by Commerzbank Aktiengesellschaft or by companies in which Commerzbank Aktiengesellschaft directly or indirectly holds a majority interest (group companies as defined in Art. 18 (1) of the German Stock Corporation Act), subscription rights in the amount to which they would be entitled after exercising their conversion or option rights or fulfilling their corresponding conversion or option obligation;
- To issue shares up to the amount of €20,000,000.00 to employees of Commerzbank Aktiengesellschaft or by companies in which Commerzbank Aktiengesellschaft directly or indirectly holds a majority interest (group companies as defined in Art. 18 (1) of the German Stock Corporation Act);
- In order to increase the share capital in exchange for contributions in kind;
- 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 identical shares of the Company at the time the issue price is determined. The shares issued with the exclusion of subscription rights pursuant to Art. 203 (1) and Art. 186 (3) sentence 4 of the German Stock Corporation Act on the basis of this authorisation may not exceed a total of 10% of the share capital of the Company at the time the authorisation becomes effective or at the time the authorisation is exercised, whichever amount is lower. The upper limit of 10% of the share capital is reduced by the proportional amount of share capital corresponding to those of the Company's own shares that are sold during the period of validity of the Authorised Capital 2011 while excluding shareholders' subscription rights in accordance with Art. 71 (1) no. 8 sentence 5 and Art. 186 (3) sentence 4 of the German Stock Corporation Act. The upper limit is further reduced by the pro-rata amount of share capital corresponding to those shares that must be issued to service options and convertible bonds with option or conversion rights or with option or conversion obligations, provided such bonds are issued during the period of validity of Authorised Capital 2011 while excluding subscription rights subject to appropriate application of Art. 186 (3) sentence 4 of the German Stock Corporation Act.

The Board of Managing Directors is authorised to specify the other details of the capital increase and its implementation.

The Board of Managing Directors is authorised, with the approval of the Supervisory Board, to increase the Company's share capital until 22 May 2017 through the issuance of new shares with no par value for cash or contributions in kind, in either one or several tranches, but not exceeding a maximum amount of €1,150,000,000.00 (Authorised Capital 2012/I in accordance with Art. 4 (5) of the Articles of Association). In principle, shareholders shall be offered subscription rights; the statutory subscription right may also be granted in such a 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 Aktiengesellschaft. However, the Board of Managing Directors is authorised to exclude subscription rights, with the approval of the Supervisory Board, in the following cases:

- To exclude fractional amounts from subscription rights;
- To the extent necessary, to grant the holders of conversion or option rights, either already issued or still to be issued by Commerzbank Aktiengesellschaft or by companies in which

Commerzbank Aktiengesellschaft directly or indirectly holds a majority interest (group companies as defined in Art. 18 (1) of the German Stock Corporation Act), subscription rights in the amount to which they would be entitled after exercising their conversion or option rights or fulfilling their corresponding conversion or option obligation;

- In order to issue shares to members of the Board of Managing Directors, members of the management or the employees of Commerzbank Aktiengesellschaft or of companies in which Commerzbank Aktiengesellschaft directly or indirectly holds a majority interest (group companies as defined in Art. 18 (1) of the German Stock Corporation Act) in exchange for contributions in kind through contribution of claims to variable remuneration components, bonuses or similar claims against the Company or group companies;
- In order to increase the share capital for contributions in kind.

The Board of Managing Directors is authorised to specify the other details of the capital increase and its execution.

The Board of Managing Directors will only make use of the above-mentioned approved capital during its terms up to a maximum of 50% of the share capital available after completion of the capital increase registered on 28 March 2013 and with the consent of the Supervisory Board. Furthermore, the Board of Managing Directors will use its authority to undertake capital-raising measures, excluding shareholders' subscription rights, only up to a total maximum of 20% of the existing share capital as at 31 December 2013 and – insofar as the exclusion of subscription rights serves the purpose of issuing shares to members of the Board of Managing Directors, members of the management or employees of Commerzbank Aktiengesellschaft or of companies in which Commerzbank Aktiengesellschaft directly or indirectly holds a majority interest – not exceed the upper limit of 5% of the existing share capital as at 31 December 2013. These restrictions on utilisation may only be lifted by resolution of the AGM.

€	Remaining authorised capital 31.12.2013	Added in financial year	Used in financial year	Expired in financial year	Remaining authorised capital 31.12.2014
Total	**2,612,936,397.00**	**–**	**–**	**–**	**2,612,936,397.00**

(30) Conditional capital

€	Conditional capital 31.12.2013	Added in financial year	Used in financial year	Expired in financial year	Conditional capital 31.12.2014	of which: used conditional capital	of which: still available
Total	**2,750,000,000.00**	**–**	**–**	**–**	**2,750,000,000.00**	**–**	**2,750,000,000.00**

As resolved at the AGM on 23 May 2012, the Company's share capital shall be conditionally increased by up to €2,750,000,000.00, divided into up to 2,750,000,000 no-par-value bearer shares (Conditional Capital 2012/I in accordance with Art. 4 (4) of the Articles of Association). The conditional capital increase will only be carried out to the extent that the holders or creditors of convertible bonds or convertible profit-sharing certificates or warrants attached to bonds or profit-sharing certificates with warrants issued or guaranteed by Commerzbank or by companies in which Commerzbank Aktiengesellschaft directly or indirectly holds a majority interest (group companies as defined in Art. 18 (1) of the German Stock Corporation Act), in the period up to 22 May 2017, exercise their conversion/option rights or fulfil their related conversion or option obligations on the basis of the authorisation resolved by the Annual General Meeting on 23 May 2012 (Authorisation 2012), and other forms of settlement were not chosen.

The Board of Managing Directors is authorised to specify the other details of the capital increase and its execution.

The Board of Managing Directors will only make use of the above-mentioned conditional capital during its term with the consent of the Supervisory Board up to a maximum of 50% of the existing share capital as at 31 December 2013. Furthermore, the Board of Managing Directors will use its authority to undertake capital-raising measures only up to a maximum of 20% of the existing share capital and – if the exclusion of subscription rights is for the purpose of issuing shares to members of the Board of Managing Directors, members of management or employees of Commerzbank Aktiengesellschaft or of companies in which Commerzbank Aktiengesellschaft directly or indirectly holds a majority interest – will not exceed the upper limit of 5% of the existing share capital as at 31 December 2013. These restrictions on utilisation may only be lifted by resolution of the AGM.

(31) Non-distributable amounts

The table below shows the non-distributable amounts as at 31 December 2014.

€m	31.12.2014	31.12.2013
In-house developed intangible assets	589	437
Difference arising from the capitalisation of plan assets at fair value	752	132
Non-distributable amount	**1,341**	**569**

(32) Significant shareholder voting rights

As at 31 December 2014 Commerzbank Aktiengesellschaft has received the following notifications of voting rights in accordance with Art. 21 (1) German Securities Trading Act:

Company required to report	Registered office	Total[1] %	Report date
Federal Republic of Germany Financial Market Stabilisation Fund	Berlin	17.15	31.5.2013
BlackRock Group	New York	4.72	30.9.2014
The Capital Group Companies, Inc.	Los Angeles	4.99	27.11.2014

[1] Voting rights held directly and indirectly.

(33) Treasury shares

The AGM on 19 May 2010 authorised Commerzbank Aktiengesellschaft to purchase and sell its treasury shares for the purpose of securities trading, pursuant to Art. 71 (1) no. 7 German Stock Corporation Act. This authorisation is valid until 18 May 2015. The aggregate amount of shares to be acquired for this purpose may not exceed 5% of the share capital of Commerzbank Aktiengesellschaft at the end of any given day. Together with the Company's treasury shares purchased for other reasons and held by Commerzbank Aktiengesellschaft or attributable to it pursuant to Articles 71d f. German Stock Corporation Act, the shares purchased on the basis of this authorisation may at no time exceed 10% of the share capital of Commerzbank Aktiengesellschaft. The lowest price at which treasury shares may be purchased may not be more than 10% lower or higher than the average share price on the three trading days preceding the purchase. Treasury shares may not be purchased at prices more than 10% higher than this level.

No treasury shares were acquired during the financial year and Commerzbank Aktiengesellschaft held no treasury shares as at the reporting date. 4,133,355 treasury shares were pledged by customers as collateral (previous year: 4,287,593 shares).

The Bank has given an undertaking to the Financial Market Stabilisation Fund (SoFFin), represented by the Financial Market Stabilisation Authority (FMSA), 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) no. 2 and no. 4 (purchase on behalf of another party) or no. 7 of the German Stock Corporation Act).

Other notes

(34) Off-balance-sheet transactions

a) Contingent liabilities

€m	31.12.2014	31.12.2013
Contingent liabilities from rediscounted bills of exchange credited to borrowers	7	6
Liabilities from guarantees and indemnity agreements[1]	36,080	34,077
Credit guarantees	2,910	2,657
Other guarantees	25,165	24,749
Letters of credit	8,005	6,671
Total	**36,087**	**34,083**

[1] See note 34 d) Other financial commitments.

Contingent liabilities from guarantees and indemnity agreements are mainly related to retail banking with customers which generates commission income. Commerzbank Aktiengesellschaft runs the risk that a claim will be made under its contractual obligations due to the deteriorating credit quality of the borrower. Credit risks are reflected in the balance sheet by creating provisions. The risk of a claim under contingent liabilities is estimated on the basis of credit risk parameters. These parameters are in line with the provisions of the Capital Requirements Regulation, which implements the supervisory regulations of the Basel 3 regulatory framework.

b) Other commitments

€m	31.12.2014	31.12.2013
Irrevocable lending commitments	**56,787**	**49,252**
Loans to customers	54,505	47,210
Loans to banks	877	1,050
Guarantees/acceptance credits/letters of credit	1,405	992

Irrevocable lending commitments are part of Commerzbank Aktiengesellschaft's lending business and are reported outside the balance sheet. Risks may arise due to the deterioration of a customer's credit quality, for which a corresponding provision is created on the balance sheet.

Commerzbank Aktiengesellschaft arranges securitisations of the Bank's own receivables as well as of customers' receivables portfolios via special purpose entities. The transactions serve to procure liquidity or to tap new sources of funding for customers or for Commerzbank Aktiengesellschaft.

The liquidity facilities and back-up credit lines provided to the securitisation vehicles are also shown under irrevocable lending commitments. Liquidity or back-up lines may be used if the risks relating to the underlying financial instruments increase or the securitised paper can no longer be sold on the market as planned.

c) Securities lending transactions

Commerzbank Aktiengesellschaft carries out securities lending transactions with the aim of ensuring that its securities trading operations are able to meet delivery obligations and generate income from lending securities held in our trading portfolios. Securities borrowed are not recognised in the balance sheet; securities lent continue to be recognised on the balance sheet as long as the title is retained. The risk arising from these transactions is the hedging risk. It can be defined as the difference between the fair 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 Aktiengesellschaft is the additional income generated by lending our securities holdings. At the reporting date, the fair value of securities lent amounted to €16,498m (previous year: €27,646m) and the fair value of securities borrowed amounted to €44,289m (previous year: €37,203m). As part of these securities transactions, collateral for securities lent amounted to €18,861m (previous year: €19,456m) and to €43,616m (previous year: €37,444m) for securities borrowed.

d) Other financial commitments

In the context of operating lease agreements where Commerzbank Aktiengesellschaft is the lessee, economic ownership is retained by the lessor and is therefore not shown in the balance sheet of Commerzbank Aktiengesellschaft. Commerzbank Aktiengesellschaft's liabilities under operating leases are mainly related to buildings, office furniture and equipment. As at 31 December 2014, existing commitments from rental, tenancy and leasing agreements amounted to €3,184m for the following years (previous year: €3,400m); of which €1,279m to affiliated companies (previous year: €1,321m).

Payment commitments for shares, shareholdings in limited companies and other shareholdings amounted to €39m on the reporting date (previous year: €22m). Liquiditäts-Konsortialbank GmbH, Frankfurt am Main, ceased operations in 2014 and is in liquidation. This participation will not give rise to any additional funding obligation in accordance with Art. 26 of the German Limited Liability Companies Act (GmbHG) until it is finally wound up (previous year: €96m).

In accordance with Art. 5 (10) of the statutes of the German Deposit Protection Fund, we have undertaken to indemnify the Association of German Banks for any losses incurred through support provided for banks in which Commerzbank Aktiengesellschaft holds a majority interest.

In addition, Commerzbank Aktiengesellschaft may be subject to an additional funding obligation with respect to the German bank levy in 2015.

Securities with a book value of €7,485m (previous year: €6,606m) have been deposited as collateral to meet obligations to futures and options exchanges and clearing houses.

Erste Europäische Pfandbrief- und Kommunalkreditbank Aktiengesellschaft, Luxembourg was merged with Hypothekenbank Frankfurt International S.A. in Luxembourg during the financial year and then renamed Erste Europäische Pfandbrief- und Kommunalkreditbank Aktiengesellschaft in Luxembourg.

Commerzbank Aktiengesellschaft has given an undertaking to the Polish Financial Supervision Authority that it will provide its affiliated companies mBank S.A., Warsaw and mBank Hipoteczny S.A., Warsaw with sufficient liquidity and capital to ensure that they are in a position to meet their financial obligations at all times.

In respect of the subsidiaries listed below and included in the Group financial statements, Commerzbank Aktiengesellschaft is obliged to ensure that, except in the case of political risks, they are able to meet their contractual liabilities ("letter of comfort").

Name	Registered office
comdirect bank Aktiengesellschaft	Quickborn
Commerzbank (Eurasija) SAO	Moscow
Commerzbank Inlandsbanken Holding GmbH	Frankfurt/Main
Commerzbank International S.A.	Luxembourg
CommerzTrust GmbH	Frankfurt/Main
Commerz Markets LLC	New York
Erste Europäische Pfandbrief- und Kommunalkreditbank Aktiengesellschaft in Luxemburg	Luxembourg
Hypothekenbank Frankfurt Aktiengesellschaft	Eschborn

(35) Forward transactions

31.12.2014	Nominal Values Residual terms						Fair value	
€m	due on demand	up to 3 months	3 months to 1 year	1 year to 5 years	more than 5 years	Total	Positive	Negative
Foreign-currency-based forward transactions								
OTC products	–	247,868	146,653	190,345	121,522	706,388	16,539	18,240
Foreign exchange spot and forward contracts	–	196,240	74,117	19,902	1,107	291,366	5,914	6,527
Interest rate and currency swaps	–	17,147	34,437	152,823	114,916	319,323	8,252	9,326
Currency call options	–	15,704	16,903	7,736	2,126	42,469	2,029	–
Currency put options	–	18,313	20,350	8,953	2,389	50,005	–	2,064
Other foreign exchange contracts	–	464	846	931	984	3,225	344	323
Exchange-traded products	–	483	105	35	–	623	–	–
Currency futures	–	439	10	5	–	454	–	–
Currency options	–	44	95	30	–	169	–	–
Total	**–**	**248,351**	**146,758**	**190,380**	**121,522**	**707,011**	**16,539**	**18,240**
of which: trading securities	–	247,621	145,224	188,593	120,832	702,270	16,467	17,877
Interest-based forward transactions								
OTC products	5	496,049	1,160,114	1,057,522	1,227,263	3,940,953	170,945	166,371
Forward rate agreements	–	103,910	641,192	1,077	–	746,179	249	232
Interest rate swaps	–	385,651	476,020	951,954	1,033,868	2,847,493	159,719	155,138
Interest rate call options	–	2,012	23,902	46,995	81,594	154,503	10,591	–
Interest rate put options	–	1,219	16,847	49,345	103,036	170,447	–	10,647
Other interest rate contracts	5	3,257	2,153	8,151	8,765	22,331	386	354
Exchange-traded products	–	640	32,041	2,995	3,636	39,312	–	–
Interest rate futures	–	623	23,288	2,982	2,858	29,751	–	–
Interest rate options	–	17	8,753	13	778	9,561	–	–
Total	**5**	**496,689**	**1,192,155**	**1,060,517**	**1,230,899**	**3,980,265**	**170,945**	**166,371**
of which: trading securities	5	494,071	1,191,092	1,049,738	1,219,943	3,954,849	169,003	165,649
Other forward transactions								
OTC products	1,737	16,441	47,122	94,206	17,108	176,614	6,361	6,519
Structured equity/ index products	1,561	10,398	16,583	11,676	1,511	41,729	939	2,603
Equity call options	–	1,780	4,080	3,832	82	9,774	698	–
Equity put options	–	1,718	6,892	11,142	861	20,613	–	1,007
Credit derivatives	–	1,021	16,283	64,645	14,612	96,561	2,589	2,359
Precious metal contracts	1	657	1,189	1,259	–	3,106	208	367
Other transactions	175	867	2,095	1,652	42	4,831	1,927	183
Exchange-traded products	–	37,434	25,232	16,973	511	80,150	–	–
Equity futures	–	18,802	40	56	–	18,898	–	–
Equity options	–	11,889	17,414	14,442	502	44,247	–	–
Other futures	–	4,898	3,436	1,601	9	9,944	–	–
Other options	–	1,845	4,342	874	–	7,061	–	–
Total	**1,737**	**53,875**	**72,354**	**111,179**	**17,619**	**256,764**	**6,361**	**6,519**
of which: trading securities	1,562	48,184	70,531	109,659	17,479	247,415	6,172	6,464
Total pending forward transactions								
OTC products	1,742	760,358	1,353,889	1,342,073	1,365,893	4,823,955	193,845	191,130
Exchange-traded products	–	38,557	57,378	20,003	4,147	120,085	–	–
Total	**1,742**	**798,915**	**1,411,267**	**1,362,076**	**1,370,040**	**4,944,040**	**193,845**	**191,130**
Net position							44,908	36,247
of which: trading securities							42,706	35,107

The total netting effect amounted to €160,535m as at 31 December 2014. On the assets side this involved €148,937m of positive fair values, €9,055m of claims on banks and €2,543m of other assets. On the liabilities side, €154,883m of negative fair values, €5,071m of liabilities to banks and €581m of other liabilities were netted.

A provision for impending losses of €113m (previous year: €133m) was created for derivative financial instruments in the non-trading portfolio in accordance with Art. 249 (1) HGB.

(36) Employees

On average over the year, Commerzbank Aktiengesellschaft had 36,640 (previous year: 38,294) employees. The figures for full-time equivalent staff include part-time staff with their time actually worked.

The average time worked by part-time staff was 63% (previous year: 62%). Part-time staff are included in full in the employees figure.

	2014			2013		
	Total	male	female	Total	male	female
Full-time equivalent	**33,389**	**16,859**	**16,530**	**35,002**	**17,676**	**17,326**
in Germany	29,879	14,581	15,298	31,520	15,413	16,107
outside Germany	3,510	2,278	1,232	3,482	2,263	1,219
Employees (number)	**36,640**	**18,459**	**18,181**	**38,294**	**19,298**	**18,996**
in Germany	33,047	16,127	16,920	34,741	16,988	17,753
outside Germany	3,593	2,332	1,261	3,553	2,310	1,243

Trainees are not included.

	2014			2013		
	Total	male	female	Total	male	female
Trainees	1,753	924	829	1,978	999	979

(37) Remuneration and loans to board members

A detailed description of the remuneration system as well as individual remuneration details for the members of the Board of Managing Directors and the members of the Supervisory Board are provided in the remuneration report (page 8 ff.). Excluding the interest-rate-adjusted change in the net present value of pension entitlements included in the calculation of pension liabilities, the total remuneration of the members of the Board of Managing Directors and Supervisory Board in accordance with Art. 285 no. 9 HGB was as follows:

€1.000	31.12.2014	31.12.2013
Board of Managing Directors	11,921	13,289
Supervisory Board	1,657	1,686
Total	**13,578**	**14,975**

Remuneration of the Board of Managing Directors includes standard non-monetary benefits (chiefly use of company cars and insurance plus the tax due on these, and employer contributions to the BVV occupational retirement fund).

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

The net present value of pension entitlements for active members of the Board of Managing Directors was €17,975 thousand as at 31 December 2014 (previous year: €16,155 thousand). The amounts are calculated considering the current term of appointment of the individual board members and assuming none of the board members will collect a pension before reaching the age of 62 (except in a potential case of incapacity to work) and that they will remain on the board until such time.

Payments to former members of the Board of Managing Directors of Commerzbank Aktiengesellschaft and their surviving dependants came to €7,986 thousand in the 2014 financial year (previous year: €6,526 thousand). The pension liabilities for these persons amounted to €77,466 thousand (previous year: €72,699 thousand). Payments to former board members of merged companies and their surviving dependants were €14,025 thousand (previous year: €14,346 thousand). There were also outstanding pension liabilities of €149,600 thousand (previous year: €143,773 thousand) to these persons. Commerzbank Aktiengesellschaft has recognised provisions for all of the above pension obligations.

Supervisory Board. Remuneration for the members of the Supervisory Board is regulated in Art. 15 of the Articles of Association of Commerzbank Aktiengesellschaft. Members of the Supervisory Board received total net remuneration for financial year 2014 of €1,657 thousand (previous year: €1,686 thousand). Of this figure, the fixed remuneration and remuneration for committee memberships amounted to €1,305 thousand (previous year: €1,290 thousand) and attendance fees to €352 thousand (previous year: €396 thousand). Attendance fees are paid 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. The value added tax (currently 19%) payable on the remuneration of the members of the Supervisory Board resident in Germany was reimbursed by the Bank. No value added tax is payable for members of the Supervisory Board resident outside Germany.

The members of the Board of Managing Directors and Supervisory Board held no more than 1% in total (previous year: less than 1%) of the issued shares and option rights of Commerzbank Aktiengesellschaft as at 31 December 2014.

Security for the cash advances and loans to members of the Board of Managing Directors and the Supervisory Board is provided on normal market terms, if necessary through land charges or rights of lien. The claims on these persons were as follows:

	31.12.2014		31.12.2013	
	Board of Managing Directors	Supervisory Board	Board of Managing Directors	Supervisory Board
Claims (€1,000)	3,165	563	3,822	592
Last due date[1]	2042	2047	2042	2047
Range of interest rates used (%)[2]	1.52–5.5	2.28–5.1	2.09–5.5	2.28–5.1

[1] As well as loans with fixed repayment dates, loans were also extended without a specified maturity.
[2] In individual cases up to 15.4% was charged for overdrafts in the Board of Managing Directors (previous year: 11.9%) and up to 11.8% in the Supervisory Board (previous year 10.1%).

(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 (Aktiengesetz). It forms part of the corporate governance declaration and is available on the internet at www.commerzbank.com.

(39) Investment funds

The disclosable investment fund units are included in the liquidity reserve and the trading portfolio and are measured at fair value. The data for the fair value therefore corresponds to the carrying amount. In some cases restrictions may apply to daily redemptions. There were distributions of €2m (previous year: €1m) on disclosable units in index funds in the year under review. The table below shows the value of domestic and foreign investment funds in which Commerzbank Aktiengesellschaft has a holding of more than 10% as at 31 December 2014 by category:

€m	31.12.2014	31.12.2013
Index funds	1,879	2,528
Balanced funds	611	640
Bonds and other fixed-income funds	333	82
Equities and equity funds	31	27
Funds held through equity participations	11	11
Money market funds	–	27
Total	**2,865**	**3,315**

(40) Cover calculation for Pfandbriefe

Commerzbank Aktiengesellschaft publishes quarterly disclosures in accordance with Art. 28 Pfandbriefgesetz on mortgage Pfandbriefe, public-sector Pfandbriefe and ship Pfandbriefe on its website.

€m	31.12.2014				31.12.2013			
	%	Nominal value	Net present value	Risk-adjusted net present value	%	Nominal value	Net present value	Risk-adjusted net present value
Mortgage Pfandbriefe								
Liabilities to be covered		2,000.0	2,111.4	1,991.0		1,000.0	1,004.7	1,093.6
of which: Pfandbriefe outstanding		2,000.0	2,111.4	1,991.0		1,000.0	1,004.7	1,093.6
of which: derivatives		–	–	–		–	–	–
Cover assets		5,482.8	6,395.8	6,029.7		2,547.9	2,851.4	3,039.1
of which: cover loans		5,401.3	6,314.2	5,948.3		2,511.9	2,815.3	3,003.0
of which: cover assets Art. 19 (1) No. 1, 2, 3 PfandBG[3, 4]		81.5	81.6	81.4		36.0	36.1	36.1
of which: derivatives		–	–	–		–	–	–
Risk-adjusted net present value after interest rate stress test				4,038.7				1,945.6
Loss from currency stress test				–				–
Net present value in foreign currency Art. 28 (1) no. 10 PfandBG				–				–
Share of fixed-income cover assets Art. 28 (1) no. 9 PfandBG	98.5				n.a.			
Share of fixed-income Pfandbriefe Art. 28 (1) no. 9 PfandBG	100.0				n.a.			
Loan-to-value ratio of mortgage loans[1]	52.3				n.a.			
Cover surplus		**3,482.8**	**4,284.4**	**4,038.7**		**1,547.9**	**1,846.7**	**1,945.5**
Public Pfandbriefe								
Liabilities to be covered		2,003.1	2,388.3	2,485.2		1,536.3	1,764.3	1,898.2
of which: Pfandbriefe outstanding		2,003.1	2,388.3	2,485.2		1,536.3	1,764.3	1,898.2
of which: derivatives		–	–	–		–	–	–
Cover assets		2,396.7	2,653.8	2,691.6[5]		2,241.8	2,400.3	2,451.5
of which: cover loans[2]		1,170.1	1,217.7	1,218.2		1,196.3	1,235.7	1,226.9
of which: cover assets Art. 20 (1) PfandBG		2,396.7	2,653.8	2,691.6		2,241.8	2,400.3	2,451.5
of which: cover assets Art. 20 (2) PfandBG[3, 4]		–	–	–		–	–	–
of which: derivatives		–	–	–		–	–	–
Risk-adjusted net present value after interest rate stress test				223.1				563.7
Loss from currency stress test				– 16.6				– 10.4
Net present value in foreign currency (USD) Art. 28 (1) no. 10 PfandBG				103.2				n.a.
Net present value in foreign currency (CHF) Art. 28 (1) no. 10 PfandBG				254.9				n.a.
Share of fixed-income cover assets Art. 28 (1) no. 9 PfandBG	32.8				n.a.			
Share of fixed-income Pfandbriefe Art. 28 (1) no. 9 PfandBG	97.8				n.a.			
Cover surplus		**393.7**	**265.4**	**206.5**		**705.5**	**636.0**	**553.3**

1 Volume-weighted average age of mortgage loans in accordance with Art. 28 (1) no. 11 PfandBG: 2.1 years (previous year: 2.1 years).
2 Loans from export credit agencies as defined by Art. 20 (1) sentence 1 no. 2 PfandBG.
3 Not covered bonds as defined by Art. 129 of EU Regulation 575/2013.
4 Do not contain any of the following: loans from non-EU countries that exceed the limits set out in Art. 13 (1) PfandBG; loans that exceed the limits set out in Art. 19 (1) nos. 2 and 3 PfandBG; loans that exceed the limits set out in Art. 20 (2) no. 2 PfandBG.
5 Including currency stress test.

€m	31.12.2014				31.12.2013			
	%	Nominal value	Net present value	Risk-adjusted net present value	%	Nominal value	Net present value	Risk-adjusted net present value
Ship Pfandbriefe								
Liabilities to be covered		2,242.5	2,503.6	2,510.1		2,716.1	2,989.1	3,074.1
of which: Pfandbriefe outstanding		2,074.0	2,330.2	2,336.7		2,716.1	2,964.2	3,049.4
of which: derivatives[3]		168.5	173.4	173.4		–	24.9	24.7
Cover assets		2,590.0	2,722.2	2,725.0		3,044.7	3,224.5	3,230.1
of which: cover loans		2,515.0	2,646.8	2,649.7		2,964.0	3,128.5	3,133.7
of which: cover assets Art. 26 PfandBG (former version)		n.a.	n.a.	n.a.		75.0	75.4	75.4
of which: Cover assets as defined by Art. 26 (1) no. 2 PfandBG		–	–	–		n.a.	n.a.	n.a.
of which: Cover assets as defined by Art. 26 (1) no. 3 PfandBG[1, 2]		75.0	75.4	75.3		n.a.	n.a.	n.a.
of which Registered office of borrowers		75.0	75.4	75.3		n.a.	n.a.	n.a.
of which: Cover assets as defined by Art. 26 (1) no. 4 PfandBG[2]		–	–	–		n.a.	n.a.	n.a.
of which: derivatives[3]		–	–	–		5.7	20.6	21.0
Risk-adjusted net present value after interest rate stress test				215.0				156.0
Loss from currency stress test				−33.8				−27.4
Net present value in foreign currency (USD) Art. 28 (1) no. 10 PfandBG				16.1				n.a.
Net present value in foreign currency (JPY) Art. 28 (1) no. 10 PfandBG				49.5				n.a.
Net present value in foreign currency (CHF) Art. 28 (1) no. 10 PfandBG				33.9				n.a.
Share of fixed-income cover assets Art. 28 (1) no. 9 PfandBG	0.6				n.a.			
Share of fixed-income Pfandbriefe Art. 28 (1) no. 9 PfandBG	67.4				n.a.			
Cover surplus		**347.5**	**218.6**	**181.2**		**328.6**	**235.4**	**128.6**

[1] Not covered bonds as defined by Art. 129 of EU Regulation 575/2013.
[2] The loans do not exceed the limits set out in Art. 26 (1) PfandBG.
[3] Exclusively to hedge currency risks.

(41) Maturity structure of Pfandbriefe

€m	31.12.2014[1]	31.12.2013
Mortgage Pfandbriefe outstanding with a residual term of		
more than 4 years up to 5 years	1,000.0	–
more than 5 years up to 10 years	1,000.0	1,000.0
Total	**2,000.0**	**1,000.0**
Cover assets Mortgage Pfandbriefe with a residual fixed interest period of		
up to 6 months	87.8	–
more than 6 months, up to 12 months	162.7	–
up to 1 year	–	76.9
more than 12 months up to 18 months	112.7	–
more than 18 months up to 2 years	137.5	–
more than 1 year up to 2 years	–	106.1
more than 2 years up to 3 years	297.0	144.2
more than 3 years up to 4 years	338.9	164.6
more than 4 years up to 5 years	330.9	123.7
more than 5 years up to 10 years	3,873.1	1,843.7
more than 10 years	142.2	88.7
Total	**5,482.8**	**2,547.9**
Public Pfandbriefe outstanding with a residual term of		
up to 6 months	10.0	–
more than 6 months, up to 12 months	115.0	–
up to 1 year	–	32.0
more than 12 months up to 18 months	33.0	–
more than 18 months up to 2 years	10.0	–
more than 1 year up to 2 years	–	125.0
more than 2 years up to 3 years	85.5	43.0
more than 3 years up to 4 years	510.0	85.5
more than 4 years up to 5 years	550.0	510.0
more than 5 years up to 10 years	237.5	262.5
more than 10 years	452.1	478.3
Total	**2,003.1**	**1,536.3**
Cover assets Public Pfandbriefe with a residual fixed interest period of		
up to 6 months	151.1	–
more than 6 months, up to 12 months	490.3	–
up to 1 year	–	437.1
more than 12 months up to 18 months	120.2	–
more than 18 months up to 2 years	95.6	–
more than 1 year up to 2 years	–	401.6
more than 2 years up to 3 years	220.6	186.4
more than 3 years up to 4 years	257.5	209.9
more than 4 years up to 5 years	183.3	192.9
more than 5 years up to 10 years	422.5	512.4
more than 10 years	455.6	301.5
Total	**2,396.7**	**2,241.8**

[1] New fixed interest periods in accordance with Art. 28 (1) PfandBG.

€m	31.12.2014[1]	31.12.2013
Ship Pfandbriefe outstanding with a residual term of		
up to 6 months	65.0	–
more than 6 months, up to 12 months	123.0	–
up to 1 year	–	370.2
more than 12 months up to 18 months	628.2	–
more than 18 months up to 2 years	101.9	–
more than 1 year up to 2 years	–	361.8
more than 2 years up to 3 years	400.0	828.6
more than 3 years up to 4 years	78.0	398.6
more than 4 years up to 5 years	121.2	76.6
more than 5 years up to 10 years	424.8	538.4
more than 10 years	131.9	141.9
Total	**2,074.0**	**2,716.1**
Cover assets Ship Pfandbriefe with a residual fixed interest period of		
up to 6 months	2,572.0	–
more than 6 months, up to 12 months	14.1	–
up to 1 year	–	3,018.4
more than 12 months up to 18 months	3.7	–
more than 18 months up to 2 years	0.2	–
more than 1 year up to 2 years	–	18.7
more than 2 years up to 3 years	–	7.6
Total	**2,590.0**	**3,044.7**

[1] New fixed interest periods in accordance with Art. 28 (1) PfandBG.

(42) Receivables to cover for mortgage Pfandbriefe

Size categories | €m	31.12.2014	31.12.2013
Up to €0.3m	4,346.8	2,122.6
More than €0.3m up to €1m	773.5	305.5
More than €1m up to €10m	265.9	83.7
More than €10m	15.0	–
Total	**5,401.3**	**2,511.9**

The breakdown of the cover assets for the mortgaged properties by usage type is as follows:

Claims used as cover for mortgage pfandbriefe | €m	31.12.2014		31.12.2013	
Germany	**Commercial**	**Residential**	**Commercial**	**Residential**
Flats	–	1,211.6	–	573.4
Single family house	–	3,380.8	–	1,305.1
Multi-dwellings	–	808.7	–	632.6
Office buildings	0.1	–	0.1	–
Retail buildings	0.2	–	0.2	–
Industrial buildings	–	–	–	–
Other commercially used real estate	0.0	–	0.0	–
Unfinished new buildings not yet generating income	–	0.0	–	–
Building sites	–	0.0	–	0.5
Total	**0.3**	**5,401.0**	**0.3**	**2,511.6**

Other cover assets | €m	31.12.2014	31.12.2013
Germany		–
Equalisation claims as defined by Art. 19 (1) no. 1 PfandBG	–	–
Loans as defined by Art. 19 (1) no. 2 PfandBG[1]	81.5	36.0
Loans as defined by Art. 19 (1) no. 3 PfandBG[1]	–	–
Total	**81.5**	**36.0**

[1] Not covered bonds as defined by Art. 129 of EU Regulation 575/2013.

Payments in arrears and interest in arrears

There were no payments in arrears or interest in arrears (by at least 90 days) in 2014.

Foreclosure sales

There were no foreclosure sales in 2014. There are currently no pending foreclosures.

Acquisition of properties

No properties were acquired as a loss prevention measure in 2014.

(43) Receivables to cover for public Pfandbriefe

Size categories[1] | €m	31.12.2014	31.12.2013
up to €10m	343.3	407.4
More than €10m up to €100m	1,887.0	1,834.5
More than €100m	166.3	–
Total	**2,396.7**	**2,241.8**

[1] Classification based on individual receivable.

Registered office of borrowers or guarantors | €m	31.12.2014	31.12.2013
Countries	**1,170.1**	**1,196.3**
Germany	1,170.1	1,196.3
Regional authorities	**811.6**	**637.0**
Germany	612.0	637.0
Switzerland	199.6	–
Other borrowers with registered office in	**415.0**	**408.5**
Germany	365.0	303.5
Austria	25.0	60.0
Supranational organisations	25.0	45.0
Total	**2,396.7**	**2,241.8**
Other cover assets as defined by Art. 20 (2) PfandBG	**–**	**–**
Total	**2,396.7**	**2,241.8**

Payments in arrears

As in the prior year, there were no payments in arrears (by at least 90 days).

(44) Receivables to cover for ship Pfandbriefe

Size categories | €m	31.12.2014	31.12.2013
Up to €0.5m	2.0	5.2
More than €0.5m up to €5m	710.7	1,054.1
More than €5m	1,802.3	1,985.4
Total	**2,515.0**	**3,044.7**

Country in which the mortgaged vessel or vessel under construction is registered | €m	31.12.2014	31.12.2013
Ocean going vessels	**2,515.0**	**2,964.0**
Antigua and Barbuda	7.8	7.8
Bahamas	124.3	147.9
Germany	967.1	1,204.7
Gibraltar	1.0	1.1
Greece	194.7	221.5
Great Britain	25.1	31.6
Hong Kong	88.0	110.8
Isle of Man	57.5	50.5
Italy	61.1	68.9
Liberia	220.9	264.2
Malta	231.9	228.9
Marshall Islands	250.4	290.9
Netherlands	41.9	46.3
Norway	38.5	39.3
Panama	70.2	97.4
Singapore	23.2	25.9
Turkey	7.1	7.0
Cyprus	104.3	119.3
Inland waterway vessels	–	–
Total	**2,515.0**	**2,964.0**

Foreclosure sales | Number	2014			2013		
	Inland waterway vessels	Ocean going vessels	Total	Inland waterway vessels	Ocean going vessels	Total
Completed	–	2	2	–	1	1
Pending	–	–	–	–	–	–

Acquisition of vessels or vessels under construction

As in the previous year, Commerzbank Aktiengesellschaft did not acquire any ships as a loss prevention measure. Hanseatic Ship Asset Management GmbH acquired four ships during the reporting year.

Interest arrears

There were no arrears (previous year: €0.5m) for interest payable by borrowers (due dates up to 30 September of the year under review). The arrears in the prior year related to ocean-going vessels.

(45) Holdings in affiliated and other companies

We provide the following information pursuant to Art. 285 no. 11 and 11 a HGB. Footnotes and comments on the tables below appear at the end of this note.

a) Affiliated companies

Name	Registered office	Share of capital held %	Currency	Equity 1,000	Net profit or loss 1,000	
ADMERA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	EUR	23	1	
ASBERGIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	EUR	2,308	–	a)
Aspiro S.A.	Lodz, Poland	100.0	PLN	264,367	124,753	
ASTUTIA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0	EUR	3,825	–	a)
Atlas Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main, Germany	100.0	EUR	250,739	–	a)
AWL I Sp. z o.o.	Warsaw, Poland	100.0	PLN	302	–3	
BDH Development Sp. z o.o.	Lodz, Poland	100.0	PLN	97,323	–5,223	
Brafero-Sociedade Imobiliária. S.A.	Lissabon, Portugal	100.0	EUR	22,157	1,308	
BRE Agent Ubezpieczeniowy Sp. z o.o.	Warsaw, Poland	100.0	PLN	17,429	8,506	
BRE Ubezpieczenia Sp. z o.o.	Warsaw, Poland	100.0	PLN	27,109	4,454	
BRE Ubezpieczenia Towarzystwo Ubezpieczen i Reasekuracji S.A.	Warsaw, Poland	95.0	PLN	161,028	94,340	
Bridge Re Limited	Hamilton, Bermuda	100.0	USD	424	–202	
Brussels Urban Invest S.A.	Brussels, Belgium	100.0	EUR	–3,207	–2,100	
CB Building Kirchberg GmbH	Düsseldorf, Germany	100.0	EUR	5,141	1,339	
CBG Commerz Beteiligungsgesellschaft Holding mbH	Frankfurt/Main, Germany	100.0	EUR	6,137	–	a)
CBG Commerz Beteiligungskapital GmbH & Co. KG	Frankfurt/Main, Germany	100.0	EUR	56,700	5,700	
CFB-Fonds Transfair GmbH	Düsseldorf, Germany	100.0	EUR	1,176	–	a)
CGM Lux 1 S.à.r.l.	Luxembourg, Luxembourg	100.0	EUR	–170,415	–13,660	
CGM Lux 2 S.à.r.l.	Luxembourg, Luxembourg	100.0	EUR	–64,654	–5,596	
CGM Lux 3 S.à.r.l.	Luxembourg, Luxembourg	100.0	EUR	–108,476	–8,356	
CG NL Holding B.V.	Amsterdam, Netherlands	100.0	EUR	20	–20	
Coba Vermögensverwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0	EUR	26	–	a)
comdirect bank Aktiengesellschaft	Quickborn, Germany	81.3	EUR	467,948	65,903	
Commerz Asset Management Asia Pacific Pte Ltd	Singapore, Singapore	100.0	SGD	27,981	2,372	
Commerzbank Asset Management Asia Ltd.	Singapore, Singapore	100.0	SGD	1,938	–116	
Commerzbank Auslandsbanken Holding AG	Frankfurt/Main, Germany	100.0	EUR	183,000	–	a) b)
Commerzbank Capital Investment Company Limited	London, United Kingdom	100.0	GBP	–	–	
Commerz Bankenholding Nova GmbH	Frankfurt/Main, Germany	100.0	EUR	1,416,644	–	a)
Commerzbank (Eurasija) SAO	Moskow, Russia	100.0	RUB	11,674,453	2,165,119	
Commerzbank Finance 2 S.à.r.l.	Luxembourg, Luxembourg	100.0	EUR	305	–22	
Commerzbank Finance 3 S.à.r.l.	Luxembourg, Luxembourg	100.0	EUR	786	–16	
Commerzbank Finance BV	Amsterdam, Netherlands	100.0	EUR	1,231	–51	
Commerzbank Finance Limited	London, United Kingdom	100.0	GBP	11,721	32,733	1)
Commerzbank Holdings France	Paris, France	100.0	EUR	80,916	–1,139	
Commerzbank Holdings (UK) Limited	London, United Kingdom	100.0	GBP	15,399	–8,820	
Commerzbank Immobilien- und Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main, Germany	100.0	EUR	462,597	–	a)
Commerzbank Inlandsbanken Holding GmbH	Frankfurt/Main, Germany	100.0	EUR	1,987,957	–	a)
Commerzbank International S.A.	Luxembourg, Luxembourg	100.0	EUR	558,321	96,187	
Commerzbank Leasing 1 S.à.r.l.	Luxembourg, Luxembourg	100.0	GBP	147	–12	
Commerzbank Leasing 2 S.à.r.l.	Luxembourg, Luxembourg	100.0	GBP	3,886	–265	
Commerzbank Leasing 4 S.à.r.l.	Luxembourg, Luxembourg	100.0	GBP	4,925	–57	

Name	Registered office	Share of capital held %	Currency	Equity 1,000	Net profit or loss 1,000	
Commerzbank Leasing 5 S.à r.l.	Luxembourg, Luxembourg	100.0	GBP	10,330	47	
Commerzbank Leasing 6 S.à.r.l.	Luxembourg, Luxembourg	100.0	GBP	98	5	
Commerzbank Leasing December (11)	London, United Kingdom	100.0	GBP	–	–	
Commerzbank Leasing December (12) Limited	London, United Kingdom	100.0	GBP	526	67	
Commerzbank Leasing December (13) Limited	London, United Kingdom	100.0	GBP	–	–	
Commerzbank Leasing December (17) Limited	London, United Kingdom	100.0	GBP	–	–	
Commerzbank Leasing December (19) Limited	London, United Kingdom	100.0	GBP	–	–	
Commerzbank Leasing December (1) Limited	London, United Kingdom	100.0	GBP	345	6	
Commerzbank Leasing December (20) Limited	London, United Kingdom	100.0	GBP	–	–	
Commerzbank Leasing December (22) Limited	London, United Kingdom	100.0	GBP	–	–	
Commerzbank Leasing December (23) Limited	London, United Kingdom	100.0	GBP	–	–	
Commerzbank Leasing December (24) Limited	London, United Kingdom	100.0	GBP	–	–	
Commerzbank Leasing December (26) Limited	London, United Kingdom	100.0	GBP	–	–	
Commerzbank Leasing December (3) Limited	London, United Kingdom	100.0	GBP	763	–51	
Commerzbank Leasing December (9) Limited	London, United Kingdom	100.0	GBP	–	–	
Commerzbank Leasing Holdings Limited	London, United Kingdom	100.0	GBP	16,157	617	
Commerzbank Leasing Limited	London, United Kingdom	100.0	GBP	1,249	145	
Commerzbank Leasing March (3) Limited	London, United Kingdom	100.0	GBP	136	123	
Commerzbank Leasing September (5) Limited	London, United Kingdom	100.0	GBP	32	7	
Commerzbank Overseas Holdings Limited	London, United Kingdom	100.0	GBP	–	–	
Commerzbank Securities Ltd	London, United Kingdom	100.0	GBP	10	–	
Commerzbank Securities Nominees Limited	London, United Kingdom	100.0	GBP	–	–	
Commerzbank U.S. Finance. Inc.	Wilmington, Delaware, USA	100.0	USD	336	–205	
Commerzbank Zrt.	Budapest, Hungary	100.0	HUF	26,898,337	1,272,780	
Commerz Business Consulting GmbH	Frankfurt/Main, Germany	100.0	EUR	92	–	a)
Commerz Direktservice GmbH	Duisburg, Germany	100.0	EUR	1,178	–	a)
Commerz (East Asia) Limited	Hong Kong, Hong Kong	100.0	EUR	2,991	481	
Commerz Equipment Leasing Limited	London, United Kingdom	100.0	GBP	–	–	
CommerzFactoring GmbH	Mainz, Germany	50.1	EUR	1,099	–	a)
Commerz Funds Solutions S.A.	Luxembourg, Luxembourg	100.0	EUR	9,350	2,632	
Commerz Grundbesitz Beteiligungs-gesellschaft mbH & Co. KG	Frankfurt/Main, Germany	90.0	EUR	14,741	1,063	
Commerz Markets LLC	Wilmington, Delaware, USA	100.0	USD	455,789	29,874	
Commerz Pearl Limited	London, United Kingdom	100.0	GBP	21	–	
Commerz Property GmbH & Co. Hamburg KG	Frankfurt/Main, Germany	100.0	EUR	2,596	1,420	
Commerz Real AG	Eschborn, Germany	100.0	EUR	408,394	–	a)
Commerz Real Asset Verwaltungsgesellschaft mbH	Grünwald, Germany	100.0	EUR	25	–	a)
Commerz Real Baumanagement GmbH	Düsseldorf, Germany	100.0	EUR	4,238	–	a)
Commerz Real Estate Master FCP-SIF	Luxembourg, Luxembourg	55.4	EUR	108,758	35,463	2)
Commerz Real Fonds Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0	EUR	151	–	a)
Commerz Real Immobilien GmbH	Düsseldorf, Germany	100.0	EUR	12,936	–	a)
Commerz Real Investmentgesellschaft mbH	Wiesbaden, Germany	100.0	EUR	21,968	–	a)
Commerz Real IT-Leasing GmbH	Düsseldorf, Germany	100.0	EUR	1,954	–	a)
Commerz Real Kapitalverwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0	EUR	5,000	–	a)
Commerz Real Mobilienleasing GmbH	Düsseldorf, Germany	100.0	EUR	5,310	–	a)
Commerz Real Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0	EUR	26	–	a)
Commerz Securities Hongkong Limited	Hong Kong, Hong Kong	100.0	EUR	10,575	1,004	
Commerz Services Holding GmbH	Frankfurt/Main, Germany	100.0	EUR	11,829	–	a)
Commerz Systems GmbH	Frankfurt/Main, Germany	100.0	EUR	6,464	–	a)
Commerz Transaction Services Mitte GmbH	Erfurt, Germany	100.0	EUR	2,714	–	a)
Commerz Transaction Services Nord GmbH	Magdeburg, Germany	100.0	EUR	1,492	–	a)

Name	Registered office	Share of capital held %	Currency	Equity 1,000	Net profit or loss 1,000	
Commerz Transaction Services Ost GmbH	Halle (Saale), Germany	100.0	EUR	1,550	–	a)
Commerz Transaction Services West GmbH	Hamm, Germany	100.0	EUR	1,256	–	a)
CR KaiserKarree Holding S.a.r.l.	Luxembourg, Luxembourg	100.0	EUR	–37,036	–	
Dom Maklerski mBanku S.A.	Warsaw, Poland	100.0	PLN	125,936	15,528	
Dresdner Capital LLC I	Wilmington, Delaware, USA	100.0	USD	1,748	42	
Dresdner Capital LLC IV	Wilmington, Delaware, USA	100.0	JPY	18,641	15	
Dresdner Kleinwort Capital Inc.	Wilmington, Delaware, USA	100.0	USD	7,217	–76	
Dresdner Kleinwort & Co. Holdings, Inc.	Wilmington, Delaware, USA	100.0	USD	231,034	–280	
Dresdner Kleinwort do Brasil Limitada	Rio de Janeiro, Brazil	100.0	BRL	–21,584	31	
Dresdner Kleinwort EIV Manager, Inc.	Wilmington, Delaware, USA	100.0	USD	–18	–	
Dresdner Kleinwort Finance Inc.	Wilmington, Delaware, USA	100.0	USD	3,404	39	
Dresdner Kleinwort Flags Inc.	Wilmington, Delaware, USA	100.0	USD	140,478	–	
Dresdner Kleinwort Group Holdings, LLC	Wilmington, Delaware, USA	100.0	USD	170,916	–1	
Dresdner Kleinwort Group LLC	Wilmington, Delaware, USA	100.0	USD	394,669	–52	
Dresdner Kleinwort Holdings II, Inc.	Wilmington, Delaware, USA	100.0	USD	83,938	314	
Dresdner Kleinwort Holdings LLC	Wilmington, Delaware, USA	100.0	USD	376,641	–1	
Dresdner Kleinwort LLC	Wilmington, Delaware, USA	100.0	USD	34,163	–1	
Dresdner Kleinwort Luminary Inc.	Wilmington, Delaware, USA	100.0	USD	747,563	–43,316	
Dresdner Kleinwort Moon LLC	Wilmington, Delaware, USA	100.0	USD	19,332	–2,017	
Dresdner Kleinwort Services (Guernsey) Limited	St. Peter Port, Guernsey	100.0	GBP	2	–	
Dresdner Kleinwort Wasserstein Securities (India) Private Limited	Mumbai, India	75.0	INR	50,772	1,044	
Dresdner Lateinamerika Aktiengesellschaft	Hamburg, Germany	100.0	EUR	32,109	–	a)
DSB Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main, Germany	100.0	EUR	25	–	a)
EHY Real Estate Fund I, LLC	Wilmington, Delaware, USA	100.0	EUR	–3,560	–26	
Entertainment Asset Holdings C.V.	Amsterdam, Netherlands	58.2	USD	–717	–75	
Entertainment Asset Holdings GP B.V.	Amsterdam, Netherlands	100.0	USD	–	–	
Erste Europäische Pfandbrief- und Kommunal-kreditbank Aktiengesellschaft in Luxemburg	Luxembourg, Luxembourg	100.0	EUR	209,719	–17,579	3)
Eschborn Capital LLC	Wilmington, Delaware, USA	100.0	USD	8,279	–2,596	
Espacio Leon Propco S.L.U.	Madrid, Spain	100.0	EUR	–25,365	–2,393	
Eurohypo Capital Funding LLC II	Wilmington, Delaware, USA	100.0	EUR	3	–	
Eurohypo Capital Funding Trust II	Wilmington, Delaware, USA	100.0	EUR	1	–	
European Bank for Financial Services GmbH (ebase)	Aschheim, Germany	100.0	EUR	33,267	6,516	
FABA Vermietungsgesellschaft mbH	Frankfurt/Main, Germany	100.0	EUR	26	–	a)
Felix (CI) Limited	George Town, Cayman Islands	100.0	GBP	26	–	
Film Library Holdings LLC	Wilmington, Delaware, USA	51.0	USD	12,888	2,580	
Forum Almada. Gestao de Centro Comercial, Sociedade Unipessoal Lda. II & Comandita	Lissabon, Portugal	100.0	EUR	38,816	1,374	
Forum Almada-Gestao de Centro Commercial, Sociedade Unipessoal, Lda.	Lissabon, Portugal	100.0	EUR	–74,638	–5,078	
Forum Montijo, Gestao de Centro Comercial Sociedade Unipessoal, Lda	Lissabon, Portugal	100.0	EUR	–61,043	–3,016	
Frankfurter Gesellschaft für Vermögens anlagen mit beschränkter Haftung	Eschborn, Germany	100.0	EUR	6,025	–	a)
Garbary Sp. z.o.o.	Poznan, Poland	100.0	PLN	44,060	–3,140	
G-G-B Gebäude- und Grundbesitz GmbH	Eschborn, Germany	100.0	EUR	256	–	a)
GRAMOLINDA Vermietungsgesellschaft mbH	Grünwald, Germany	50.0	EUR	32	–	
GRAMOLINDA Vermietungsgesellschaft mbH & Co. Objekt Frankfurt KG	Grünwald, Germany	94.0	EUR	–43	24	
Greene Birch Ltd.	George Town, Cayman Islands	100.0	USD	238,895	48,031	
Greene Elm Trading III LLC	Wilmington, Delaware, USA	100.0	USD	127,883	–29,182	

Name	Registered office	Share of capital held %	Currency	Equity 1,000	Net profit or loss 1,000	
Greene Elm Trading II LLC	Wilmington, Delaware, USA	100.0	USD	92,219	301	
Greene Elm Trading I LLC	Wilmington, Delaware, USA	100.0	USD	52,055	169	
Greene Elm Trading IV LLC	Wilmington, Delaware, USA	100.0	USD	87,044	–7,734	
Greene Elm Trading VI LLC	Wilmington, Delaware, USA	100.0	USD	100,000	2,573	
Greene Elm Trading V LLC	Wilmington, Delaware, USA	100.0	USD	100,000	–13,508	
Greene Oak LLC	Wilmington, Delaware, USA	100.0	USD	99,962	102	
Gresham Leasing March (1) Limited	London, United Kingdom	100.0	GBP	–	–	
Gresham Leasing March (2) Limited	London, United Kingdom	25.0	GBP	2,465	39	
gr Grundstücks GmbH Objekt Corvus	Eschborn, Germany	100.0	EUR	35	3	
gr Grundstücks GmbH Objekt Corvus & Co. Sossenheim KG	Frankfurt/Main, Germany	100.0	EUR	30	80	
Groningen Urban Invest B.V.	Amsterdam, Netherlands	100.0	EUR	7,101	–96	
Hanseatic Ship Asset Management GmbH	Hamburg, Germany	100.0	EUR	245,119	–14,863	
Herradura Ltd	London, United Kingdom	100.0	GBP	5	–	
HF Estate Management GmbH	Eschborn, Germany	100.0	EUR	3,280	–	a)
Hurley Investments No.3 Limited	George Town, Cayman Islands	100.0	GBP	–	–	
Hypothekenbank Frankfurt Aktiengesellschaft	Eschborn, Germany	100.0	EUR	5,661,992	–	a)
Kommanditgesellschaft MS “CPO ALICANTE” Offen Reederei GmbH & Co.	Hamburg, Germany	90.0	EUR	20,429	8,846	b)
Kommanditgesellschaft MS “CPO ANCONA” Offen Reederei GmbH & Co.	Hamburg, Germany	77.4	EUR	37,473	7,217	b)
Kommanditgesellschaft MS “CPO BILBAO” Offen Reederei GmbH & Co.	Hamburg, Germany	90.0	EUR	18,956	10,640	b)
Kommanditgesellschaft MS “CPO MARSEILLE” Offen Reederei GmbH & Co.	Hamburg, Germany	77.4	EUR	35,746	4,829	b)
Kommanditgesellschaft MS “CPO PALERMO” Offen Reederei GmbH & Co.	Hamburg, Germany	73.9	EUR	40,072	7,006	b)
Kommanditgesellschaft MS “CPO TOULON” Offen Reederei GmbH & Co.	Hamburg, Germany	90.0	EUR	42,115	17,988	b)
Kommanditgesellschaft MS “CPO VALENCIA” Offen Reederei GmbH & Co.	Hamburg, Germany	90.0	EUR	18,138	10,693	b)
LUGO Photovoltaik Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0	EUR	–10,733	85	
Marylebone Commercial Finance (2)	London, United Kingdom	100.0	GBP	–	–	
mBank Hipoteczny S.A.	Warsaw, Poland	100.0	PLN	620,098	18,320	
mBank S.A.	Warsaw, Poland	69.5	PLN	10,279,586	1,184,096	
mCentrum Operacji Sp. z o.o.	Aleksandrów Lódzki, Poland	100.0	PLN	34,843	–4,541	
MERKUR Grundstücks GmbH	Frankfurt/Main, Germany	100.0	EUR	7,985	–	a)
mFaktoring S.A.	Warsaw, Poland	100.0	PLN	70,743	15,791	
mFinance France S.A.	Paris, France	100.0	PLN	174	9	4)
mLeasing Sp. z o.o.	Warsaw, Poland	100.0	PLN	231,628	34,091	
mLocum S.A.	Lódz, Poland	80.0	PLN	148,602	13,201	
MLV 45 Sp. z o.o. sp. k.	Warsaw, Poland	100.0	PLN	536,465	–191	
MOLARIS Verwaltungs- und Vermietungsgesellschaft mbH	Düsseldorf, Germany	25.0	EUR	700	647	
MS “BEETHOVEN” Schiffahrtsgesellschaft mbH & Co. KG	Hamburg, Germany	99.9	EUR	21,996	–6,133	
MS “BELLINI” Schiffahrtsgesellschaft mbH & Co. KG	Hamburg, Germany	99.9	EUR	15,055	–176	
MS “BIZET” Schiffahrtsgesellschaft mbH & Co. KG	Hamburg, Germany	99.0	EUR	12,842	–1,797	
MS “BRAHMS” Schiffahrtsgesellschaft mbH & Co. KG	Hamburg, Germany	99.9	EUR	18,372	–68	
MS “CHOPIN” Schiffahrtsgesellschaft mbH & Co. KG	Hamburg, Germany	98.0	EUR	20,590	–69	
MS “HAYDN” Schiffahrtsgesellschaft mbH & Co. KG	Hamburg, Germany	99.0	EUR	15,311	–383	
MS “MOZART” Schiffahrtsgesellschaft mbH & Co. KG	Hamburg, Germany	99.9	EUR	16,310	–2,168	
MS “PAGANINI” Schiffahrtsgesellschaft mbH & Co. KG	Hamburg, Germany	99.9	EUR	17,374	824	
MS “PUCCINI” Schifffahrtsgesellschaft mbH & Co. KG	Hamburg, Germany	51.0	EUR	8,052	–837	

Name	Registered office	Share of capital held %	Currency	Equity 1,000	Net profit or loss 1,000	
MS "PUGNANI" Schiffahrtsgesellschaft mbH & Co. KG	Hamburg, Germany	99.9	EUR	13,226	–2,175	
MS "ROSSINI" Schiffahrtsgesellschaft mbH & Co. KG	Hamburg, Germany	99.9	EUR	12,460	–1,844	
MS "SATIE" Schiffahrtsgesellschaft mbH & Co. KG	Hamburg, Germany	99.9	EUR	14,823	–278	
MS "SCHUBERT" Schiffahrtsgesellschaft mbH & Co. KG	Hamburg, Germany	99.0	EUR	23,434	–89	
MS "STRAUSS" Schiffahrtsgesellschaft mbH & Co. KG	Hamburg, Germany	99.9	EUR	13,147	–583	
MS "VIVALDI" Schiffahrtsgesellschaft mbH & Co. KG	Hamburg, Germany	99.9	EUR	14,375	–226	
MS "WAGNER" Schiffahrtsgesellschaft mbH & Co. KG	Hamburg, Germany	99.0	EUR	12,260	–180	
mWealth Management S.A.	Warsaw, Poland	100.0	PLN	35,946	14,911	
NAVALIS Schiffsbetriebsgesellschaft mbH & Co. MS "NEDLLOYD JULIANA" KG	Hamburg, Germany	93.6	EUR	5,791	12,484	
NAVIPOS Schiffsbeteiligungsgesellschaft mbH	Hamburg, Germany	100.0	EUR	199	–19	b)
Netherlands Urban Invest B.V.	Amsterdam, Netherlands	100.0	EUR	11,640	3,756	
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekte Plön und Preetz KG	Düsseldorf, Germany	90.0	EUR	226	113	
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Lampertheim KG	Düsseldorf, Germany	100.0	EUR	55	–194	
NOVELLA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	EUR	11,176	–	a)
Number X Bologna S.r.l.	Mailand, Italy	100.0	EUR	7,304	–387	
Number X Real Estate GmbH	Eschborn, Germany	100.0	EUR	21,565	–8,481	
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Luna KG	Grünwald, Germany	100.0	EUR	3,497	336	
Pisces Nominees Limited	London, United Kingdom	100.0	GBP	–	–	
Property Invest Ferdinando di Savoia S.r.l.	Mailand, Italy	100.0	EUR	12,923	–302	
Property Invest GmbH	Eschborn, Germany	100.0	EUR	21,021	–3,627	
Property Invest Italy S.r.l.	Mailand, Italy	100.0	EUR	36,639	–756	
REFUGIUM Beteiligungsgesellschaft mbH	Grünwald, Germany	100.0	EUR	8,598	77	
Rood Nominees Limited	London, United Kingdom	100.0	GBP	–	–	
Rook Finance LLC	Wilmington, Delaware, USA	100.0	USD	93,479	7,127	
SB-Bauträger GmbH & Co. Urbis Hochhaus-KG	Frankfurt/Main, Germany	100.0	EUR	241	–	
SECUNDO Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	EUR	5,811	–	a)
Service-Center Inkasso GmbH Düsseldorf	Düsseldorf, Germany	100.0	EUR	335	–	a)
Space Park GmbH & Co. KG	Frankfurt/Main, Germany	90.0	EUR	93,171	276	
Sterling Energy II LLC	Wilmington, Delaware, USA	100.0	USD	69,123	5,388	
Sterling Energy LLC	Wilmington, Delaware, USA	100.0	USD	127,080	–5,036	
Thurlaston Finance Limited	George Town, Cayman Islands	100.0	GBP	–	–	
TOMO Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main, Germany	100.0	EUR	22,778	–	a)
Transfinance a.s.	Prague, Czech Republic	100.0	CZK	256,380	–144,957	
Twins Financing LLC	Dover, Delaware, USA	60.0	USD	16,023	–67	
Urban Invest Holding GmbH	Eschborn, Germany	100.0	EUR	11,497	–1,896	
U.S. Residential Investment I. L.P.	Wilmington, Delaware, USA	90.0	USD	10,913	–7,118	
Watling Leasing March (1)	London, United Kingdom	100.0	GBP	–	–	
WebTek Software Private Limited	Bangalore, India	100.0	INR	214,565	–731	
Westend Grundstücksgesellschaft mbH	Eschborn, Germany	100.0	EUR	260	–	a)
Wilmots Leasing AB	Stockholm, Sweden	100.0	SEK	50	–	
Wohnbau-Beteiligungsgesellschaft mbH	Frankfurt/Main, Germany	100.0	EUR	288	–2	
Yarra Finance Limited	George Town, Cayman Islands	100.0	GBP	–	–	
Zelos Luxembourg S.C.S.	Luxembourg, Luxembourg	100.0	EUR	–18,911	–13,716	

b) Associated companies

Name	Registered office	Share of capital held %	Currency	Equity 1,000	Net profit or loss 1,000
AKA Ausfuhrkredit-Gesellschaft mbH	Frankfurt/Main, Germany	31.6	EUR	191,007	11,235
Argor-Heraeus S.A.	Mendrisio, Switzerland	31.2	CHF	152,744	22,766
Capital Investment Trust Corporation	Taipeh, Taiwan	24.0	TWD	3,463,032	460,653
Commerz Finanz GmbH	München, Germany	49.9	EUR	787,501	53,903
Commerz Unternehmensbeteiligungs-Aktiengesellschaft	Frankfurt/Main, Germany	40.0	EUR	96,208	9,008
COMUNITHY Immobilien GmbH	Düsseldorf, Germany	49.9	EUR	–7,978	920
DTE Energy Center, LLC	Wilmington, Delaware, USA	50.0	USD	94,364	12,186
HAJOBANTA GmbH & Co, Asia Opportunity I KG	Düsseldorf, Germany	20.9	EUR	116,626	13,962
ILV Immobilien-Leasing Verwaltungsgesellschaft Düsseldorf mbH	Düsseldorf, Germany	50.0	EUR	6,017	–20,630
RECAP/Commerz AMW Investment, L. P.	New York, New York, USA	50.0	USD	6,865	–1,487

c) Jointly controlled entities

Name	Registered office	Share of capital held %	Currency	Equity 1,000	Net profit or loss 1,000
Delphi I LLC	Wilmington, Delaware, USA	33.3	EUR	– 380,981	– 23,032
FV Holding S.A.	Brussels, Belgium	60.0	EUR	10,892	2,190
Kaiserkarree S.a.r.l.	Luxembourg, Luxembourg	50.0	EUR	44,620	– 18,894

d) Special purpose entities

Name	Registered office	Share of capital held %	Currency	Equity 1,000
Honeywell Grundbesitzverwaltungs-GmbH & Co, Vermietungs-KG	Grünwald, Germany	100.0	EUR	– 15,949

e) Investments in large corporations where the investment exceeds 5% of the voting rights

Name	Registered office	Share of capital held %	Equity %
ConCardis Gesellschaft mit beschränkter Haftung	Eschborn, Germany	13.9	13.9
EURO Kartensysteme Gesellschaft mit beschränkter Haftung	Frankfurt/Main, Germany	13.9	13.9
GEWOBA Aktiengesellschaft Wohnen und Bauen	Bremen, Germany	7.1	7.1
Schufa Holding AG	Wiesbaden, Germany	17.9	17.9

Footnotes		
1)	Renamed:	from Dresdner Kleinwort Limited to Commerzbank Finance Limited
2)	Renamed:	from CG Real Estate Master FCP-SIF S.A.R.L. to Commerz Real Estate Master FCP-SIF
3)	Renamed:	from Hypothekenbank Frankfurt International S.A. to Erste Europäische Pfandbrief- und Kommunalkreditbank Aktiengesellschaft in Luxemburg
4)	Renamed:	from BRE Finance France S.A. to mFinance France S.A.

Comments and Explanations	
a)	Control or profit transfer agreement.
b)	No disclosures persuant to Art. 264 b of the German Commercial Code (HGB).
	No disclosures persuant to Art. 285 no. 11 a of the German Commercial Code (HGB) are provided due to their minor significance as defined in Art. 286 (3) no. 1 HGB.

Foreign exchange rates for €1 as at 31.12.2014		
Brazil	BRL	3.2207
United Kingdom	GBP	0.7789
India	INR	76.7190
Japan	JPY	145.2300
Poland	PLN	4.2732
Russia	RUB	72.3370
Sweden	SEK	9.3930
Switzerland	CHF	1.2024
Singapore	SGD	1.6058
Taiwan	TWD	38.4872
Czech Republic	CZK	27.7350
Hungary	HUF	315.5400
USA	USD	1.2141

(46) Seats on supervisory boards and similar bodies

Members of the Board of Managing Directors of Commerzbank Aktiengesellschaft

Details pursuant to Art. 285 (10) HGB

a) Seats on other mandatory supervisory boards (in Germany)

b) Seats on similar bodies in Germany and abroad

Martin Blessing

b) CommerzVentures GmbH[1]
Chairman
(since 27.5.2014)

mBank S.A.[1]

Frank Annuscheit

a) BVV Versicherungsverein des Bankgewerbes a.G.
Deputy Chairman
(since 27.6.2014)

comdirect bank Aktiengesellschaft[1]
Deputy Chairman

b) Commerz Services Holding GmbH[1]
Chairman

Markus Beumer

a) ABB AG

b) DAW SE
(since 1.12.2014)

Stephan Engels

a) Hypothekenbank Frankfurt AG[1]
Deputy Chairman

b) CommerzVentures GmbH[1]
Deputy Chairman
(since 27.5.2014)

mBank S.A.[1]

SdB – Sicherungseinrichtungs-gesellschaft deutscher Banken mbH
(until 12.6.2014)

Michael Reuther

a) RWE Power AG

b) EUREX Deutschland AöR

Frankfurter Wertpapierbörse AöR

Landwirtschaftliche Rentenbank AöR
(since 4.7.2014)

Verlagsbeteiligungs- und Verwaltungsgesellschaft mit beschränkter Haftung

Dr. Stefan Schmittmann

a) Hypothekenbank Frankfurt AG[1]
Chairman

Schaltbau Holding AG

b) mBank S.A.[1]
(since 31.3.2014)

Martin Zielke

a) comdirect bank Aktiengesellschaft[1]
Chairman

Commerz Real AG[1]
Chairman

b) Commerz Real Investment-gesellschaft mbH[1]
Chairman

mBank S.A.[1]
Deputy Chairman

Members of the Supervisory Board of Commerzbank Aktiengesellschaft

Details pursuant to Art. 285 (10) HGB

a) Seats on other mandatory supervisory boards (in Germany)

b) Seats on similar bodies in Germany and abroad

Klaus-Peter Müller

a) Fresenius Management SE

Fresenius SE & Co. KGaA

Linde Aktiengesellschaft

b) Landwirtschaftliche Rentenbank AöR (until 4.7.2014)

Parker Hannifin Corporation

Uwe Tschäge

– –

Hans-Hermann Altenschmidt

a) BVV Pensionsfonds des Bankgewerbes AG

BVV Versicherungsverein des Bankgewerbes a.G.

b) BVV Versorgungskasse des Bankgewerbes e.V.

Dr. Nikolaus von Bomhard

a) ERGO Versicherungsgruppe AG[1]
Chairman

Munich Health Holding AG[1]
Chairman

Gunnar de Buhr

– –

Stefan Burghardt

– –

Karl-Heinz Flöther

a) Deutsche Börse AG, Frankfurt/Main

Prof. Dr.-Ing. Dr.-Ing. E. h. Hans-Peter Keitel
(until 8.5.2014)

a) Airbus Defence & Space GmbH

National-Bank AG

RWE AG

ThyssenKrupp AG

Voith GmbH

b) Airbus N.V.
Chairman

Dr. Markus Kerber

a) KfW Group

b) Computershare Limited, Melbourne

Alexandra Krieger

a) AbbVie Komplementär GmbH

[1] Group mandate.

Oliver Leiberich

– –

Dr. Stefan Lippe
(since 8.5.2014)

b) Acqupart Holding AG, Zug
Chairman

AXA S.A.

Celsius Pro AG
Chairman

Paperless AG
Chairman

Beate Mensch
a) Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft, Munich
(since 1.4.2014)

Dr. Roger Müller

– –

Dr. Helmut Perlet
a) Allianz SE

GEA GROUP AG

Barbara Priester

– –

Mark Roach
a) Fiducia IT AG

Petra Schadeberg-Herrmann
a) Krones AG

b) Lindt & Sprüngli AG
(since 24.4.2014)

Margit Schoffer

– –

Nicholas Teller
(since 8.5.2014)

b) Air Berlin PLC & Co. Luftverkehrs-KG

Dr. Gertrude Tumpel-Gugerell

b) Finanzmarktbeteiligung Aktiengesellschaft des Bundes, Vienna

Österreichische Bundesbahnen Holding AG, Vienna

Österreichische Forschungsförderungsgesellschaft mbH, Vienna

Verein zur Förderung der BBRZ Gruppe, Linz
(until 31.12.2014)

Vienna Insurance Group AG, Vienna

Wien Holding GmbH, Vienna
(until 23.6.2014)

Solms U. Wittig
(until 8.5.2014)

– –

Employees of Commerzbank Aktiengesellschaft

In accordance with Art. 340a (4) no. 1 HGB

Dr. Marcus Chromik
VALOVIS BANK AG

Volker Ergler
Stadtwerke Viernheim GmbH

Gerold Fahr
Stadtwerke Ratingen GmbH
Chairman

Martin Fischedick
Borgers AG

Bernd Förster
SE Spezial Electronic Aktiengesellschaft
Deputy Chairman

Jörg van Geffen
Häfen und Güterverkehr Köln AG

NetCologne Gesellschaft für Telekommunikation mit beschränkter Haftung

Sven Gohlke
Bombardier Transportation GmbH

Bernd Grossmann
HOFTEX GROUP AG

Christoph Heins
Commerz Real AG[1]

Detlef Hermann
Kaiser's Tengelmann GmbH

Ritzenhoff AG

Jochen H. Ihler
Hüttenwerke Krupp Mannesmann GmbH

Thorsten Kanzler
Hypothekenbank Frankfurt AG[1]

Marcus König
Städtische Werke Nürnberg Gesellschaft mit beschränkter Haftung

VAG Verkehrs-Aktiengesellschaft

Michael Kotzbauer
Goodyear Dunlop Tires Germany GmbH

Hypothekenbank Frankfurt AG[1]

Werner Lubeley
TNT Express GmbH

Michael Mandel
Commerz Real AG[1]

Schufa Holding AG

Dr. Annette Messemer
Commerz Real AG[1]

K+S Aktiengesellschaft

Stefan Nodewald
SCHWÄLBCHEN MOLKEREI Jakob Berz Aktiengesellschaft

Sabine Schmittroth
comdirect bank Aktiengesellschaft[1]

Dirk Schuster
Commerz Real AG[1]

Holger Werner
Commerz Real AG[1]

Rupert Winter
Klinikum Burgenlandkreis GmbH
Deputy Chairman

[1] Group mandate.

(47) Boards of Commerzbank Aktiengesellschaft

Supervisory Board

Klaus-Peter Müller
Chairman

Uwe Tschäge[1]
Deputy Chairman
Employee of Commerzbank Aktiengesellschaft

Hans-Hermann Altenschmidt[1]
Employee of Commerzbank Aktiengesellschaft

Dr. Nikolaus von Bomhard
Chairman of the Board of Managing Directors Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft

Gunnar de Buhr[1]
Employee of Commerzbank Aktiengesellschaft

Stefan Burghardt[1]
Main Branch Manager of Mittelstandsbank Bremen Commerzbank Aktiengesellschaft

Karl-Heinz Flöther
Independent corporate consultant

Prof. Dr.-Ing. Dr.-Ing. E. h. Hans-Peter Keitel
(until 8.5.2014)
Vice-President of the Federation of German Industries (BDI)

Dr. Markus Kerber
CEO of the Federation of German Industries (BDI)

Alexandra Krieger[1]
Head Business Administration/ Corporate Strategy
Industrial Union Mining, Chemical and Energy

Oliver Leiberich[1]
Employee of Commerzbank Aktiengesellschaft

Dr. Stefan Lippe
(since 8.5.2014)
Former Group CEO of Swiss Re AG

Beate Mensch[1]
Trade Union Secretary to United Services Union (Vereinte Dienstleistungsgewerkschaft ver.di) Hesse regional branch

Dr. Roger Müller
General Counsel
Deutsche Börse AG

Dr. Helmut Perlet
Chairman
Supervisory Board
Allianz SE

Barbara Priester[1]
Employee of Commerzbank Aktiengesellschaft

Mark Roach[1]
Trade Union Secretary to United Services Union (Vereinte Dienstleistungsgewerkschaft ver.di) National Administration

Petra Schadeberg-Herrmann
Managing Partner and Managing Director of various companies within the Schadeberg Family Office and the Krombacher Group

Margit Schoffer[1]
Employee of Commerzbank Aktiengesellschaft

Nicholas Teller
(since 8.5.2014)
Chairman of E. R. Capital Holding GmbH & Cie. KG

Dr. Gertrude Tumpel-Gugerell
Former member of the Executive Board of the European Central Bank

Solms U. Wittig
(until 8.5.2014)
Chief Legal Officer & Chief Compliance Officer Linde AG

[1] Elected by the Bank's employees.

Board of Managing Directors

Martin Blessing
Chairman

Frank Annuscheit

Markus Beumer

Stephan Engels

Michael Reuther

Dr. Stefan Schmittmann

Martin Zielke

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/Main, 3 March 2015
The Board of Managing Directors

Martin Blessing

Frank Annuscheit

Markus Beumer

Stephan Engels

Michael Reuther

Stefan Schmittmann

Martin Zielke

Independent Auditors' Report[1]

To COMMERZBANK Aktiengesellschaft, Frankfurt/Main

Notes to the financial statements

We have audited the accompanying annual financial statements of COMMERZBANK Aktiengesellschaft, Frankfurt/Main, which comprise the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, for the business year from 1 January to 31 December 2014.

Board of Managing Directors' Responsibility for the Annual Financial Statements

The Board of Managing Directors of COMMERZBANK Aktiengesellschaft is responsible for the maintenance of the books and records and the preparation of these annual financial statements. This responsibility includes that these annual financial statements are prepared in accordance with German commercial law and that these annual financial statements 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 Board of Managing Directors is also responsible for the internal controls as the Board of Managing Directors determines are necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these annual financial statements, together with the bookkeeping system, based on our audit. We conducted our audit in accordance with § (Article) 317 HGB ("Handelsgesetzbuch": "German Commercial Code") 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 (ISA). Accordingly, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The selection of audit procedures depends on the auditor's professional judgment. This includes the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In assessing those risks, the auditor considers the internal control system relevant to the Company's preparation of annual financial statements that give a true and fair view. The aim of this is to plan and perform audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managing Directors, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

According to § 322 Abs. (paragraph) 3 Satz (sentence) 1 HGB, we state that our audit of the annual financial statements has not led to any reservations.

In our opinion based on the findings of our audit, the annual financial statements comply, in all material respects, with the legal requirements and give a true and fair view of the net assets, financial position of the Company as at 31 December 2014 as well as the results of operations for the business year then ended, in accordance with (German) principles of proper accounting.

[1] Translation of the independent auditors' report issued in German language on the Group financial statements prepared in German language by the management of Commerzbank Aktiengesellschaft. The German language statements are decisive.

Report on the Management Report

We have audited the accompanying management report of COMMERZBANK Aktiengesellschaft for the business year from 1 January to 31 December 2014. The Board of Managing Directors of COMMERZBANK Aktiengesellschaft is responsible for the preparation of the management report in accordance with the German legal requirements. We conducted our audit in accordance with § 317 Abs. 2 HGB and German generally accepted standards for the audit of the management report promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany, IDW). Accordingly, we are required to plan and perform the audit of the management report to obtain reasonable assurance about whether the management report is consistent with the annual financial statements and the audit findings, as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

According to § 322 Abs. 3 Satz 1 HGB we state, that our audit of the management report has not led to any reservations.

In our opinion based on the findings of our audit of the annual financial statements and management report, the management report is consistent with the annual financial statements, as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Frankfurt/Main, 4 March 2015

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Clemens Koch	Peter Goldschmidt
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Significant subsidiaries and associates

Germany
Atlas Vermögensverwaltungsgesellschaft mbH, Frankfurt am Main
comdirect bank AG, Quickborn
Commerz Real AG, Eschborn
Hypothekenbank Frankfurt AG, Eschborn

Abroad
Commerzbank (Eurasija) SAO, Moscow
Commerzbank International S.A., Luxembourg
Commerzbank Zrt., Budapest
Commerz Markets LLC, New York
Erste Europäische Pfandbrief- und Kommunalkreditbank Aktiengesellschaft in Luxemburg, Luxembourg
mBank S.A., Warsaw

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

Representative Offices and Financial Institutions Desks
Addis Ababa, Almaty, Ashgabat, Baku, Bangkok, Beijing (FI Desk), Beirut, Belgrade, Brussels (Liaison Office to the European Union), Bucharest, Buenos Aires, Cairo, Caracas, Dhaka, Dubai (FI Desk), Ho Chi Minh City, Hong Kong (FI Desk), Istanbul, Jakarta, Johannesburg, Kiev, Kuala Lumpur, Lagos, Luanda, Melbourne, Milan (FI Desk), Minsk, Moscow, Mumbai, New York (FI Desk), Novosibirsk, Panama City, Riga, Santiago de Chile, São Paulo, Seoul, Shanghai (FI Desk), Singapore (FI Desk), Taipei, Tashkent, Tblisi, Tokyo (FI Desk), Tripoli, Zagreb

Disclaimer

Reservation regarding forward-looking statements
This Financial Statements and Management Report contains forward-looking statements on Commerzbank's business and earnings performance, which are based upon our current plans, estimates, forecasts and expectations. The statements entail risks and uncertainties, as there are a variety of factors which influence our business and to a great extent lie beyond our sphere of influence. Above all, these include the economic situation, the state of the financial markets worldwide and possible loan losses. Actual results and developments may, therefore, diverge considerably from our current assumptions, which, for this reason, are valid only at the time of publication. We undertake no obligation to revise our forward-looking statements in the light of either new information or unexpected events.

The German version of this Financial Statements and Management Report is the authoritative version and only the German version of the Management Report and the Financial Statements were audited by the auditors.

References made to persons in the masculine for reasons of readability apply equally in the feminine.

2015/2016 Financial calendar	
30 April 2015	Annual General Meeting
7 May 2015	Interim Report as at 31 March 2015
3 August 2015	Interim Report as at 30 June 2015
2 November 2015	Interim Report as at 30 September 2015
End-March 2016	Annual Report 2015

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The Group annual report
(in accordance with the International
Financial Reporting Standards)
appears in German and English.