COMMERZBANK
The bank at your side

Financial Statements and Management Report 2015

Commerzbank Aktiengesellschaft

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Management report of Commerzbank Aktiengesellschaft

Structure and organisation

Commerzbank is one of Germany's leading banks for private and corporate customers, and an internationally active universal bank with locations spanning more than 50 countries. Our customers have one of the densest networks of any private-sector bank in Germany at their disposal. Commerzbank serves a total of around 16 million private customers and 1 million business and corporate customers worldwide.

At Commerzbank, business activities are divided into the four operating segments of Private Customers, Mittelstandsbank, Corporates & Markets and Central & Eastern Europe. Through these segments, Commerzbank offers its private and corporate customers and its institutional investors a comprehensive portfolio of banking and capital market services. The Bank has merged all activities in commercial real estate and ship financing, in addition to public finance business, into the Non-Core Assets (NCA) run-off segment. The four operating 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 the 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 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 Germany, the Bank has 6 material subsidiaries, 23 operational foreign branches and 37 representative offices in more than 50 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 on Europe. The financial year is the calendar year.

Corporate responsibility

Climate protection has long been a key part of social responsibility at Commerzbank, and not just since the World Climate Summit in Paris in 2015. This can be seen in our core business, for instance the financing of renewable energy or carbon emissions trading, and also in our efforts to further reduce our own environmental footprint. As a way of publicly emphasising our commitment, Commerzbank joined several initiatives in 2015, among them the World Bank's Carbon Pricing Leadership Coalition. Partners commit to working towards a global price for CO_2 emissions that is in line with the harm caused by greenhouse gases. The RE100 initiative, under which companies from all over the world undertake to switch to renewable energies, is another example. But our efforts go beyond just climate protection; Commerzbank strives for sustainable economic development that avoids risks to our business and also taps into the opportunities created by facing the future.

Integrity as a guiding principle in daily activity

Our sustainable development is founded on behaviour that complies with the law and is ethically irreproachable. This was not always the case in the past. In March 2015, Commerzbank agreed settlements with various US authorities regarding serious violations of US sanctions and anti-money laundering provisions. Part of the settlements involved paying fines of around USD 1.5bn (roughly €1.2bn). They also required Commerzbank to put in place a comprehensive programme called ARC (Achieving a Robust Compliance Framework) to ensure employees keep within the law and regulations. To do this, Commerzbank is improving its compliance function and reinforcing compliance management in all its business units around the world. In addition to the ARC programme, by way of "tone from the top" the members of the Board of Managing Directors regularly stress that the Bank takes its comprehensive compliance obligations seriously and expects every single employee to do the same. In autumn 2015, the Board of Managing Directors put forward an updated version of the binding Code of Conduct.

This sets out a framework for proper and ethically irreproachable behaviour in daily work, and makes clear what Commerzbank and its Board of Managing Directors expect from all of the Group's employees: that they not only comply with laws, regulations and internal guidelines but also stay within our guiding principles, the ComValues. Integrity is especially important. It is only by acting with integrity that we can create a foundation for the trust our customers and business partners place in us. This trust is our most important capital. That is why all Commerzbank employees have to take responsibility for their actions. Managers have to set an example.

Reputational Risk Management is another Group unit central to defining the framework for our business activities. In 2015, the department assessed some 5,400 transactions, products and customer relationships in which sustainability was particularly relevant (2014: around 5,000). This marks a slight increase in the number of assessments. The department's activities focused on optimising reputational risk processes in the Mittelstandsbank, Private Customers and Corporates & Markets segments. Requests that are incompatible with our understanding of corporate responsibility received a negative evaluation due to social, environmental or ethical concerns. Examples include nuclear power, oil and gas. In 2015, the department also drafted assessment criteria for coal-fired power stations and human rights.

At the same time, interest in sustainable offerings is growing on the investment side. A new fund was launched in 2015 called Commerzbank Global Equities – Catholic Values, which allows investors to participate in the performance of an international equity portfolio with an investment strategy based on the sustainability criteria of the Roman Catholic church. The Catholic Value Custom Index includes over 700 stocks from the MSCI World Index.

As one of the leading banks in foreign trade settlement, Commerzbank also has to consider sustainability issues with respect to global trade. The financial sector can play a leading role in the shift towards more sustainably based trading. That is why in 2015 we produced a two-part study on sustainable trade with the consultancy firm Oxford Analytica. It is intended to encourage a rich exchange of views between politicians, companies, NGOs and consumers.

A quite different but no less important aspect of sustainability is customer focus. Long-term relationships of trust are built on direct dialogue. That is why the Private Customers segment has the Commerzbank Customer Advisory Council, which took on new members in 2015. Over their three-year term of office, 25 volunteers keep an eye on how the Bank is developing, make suggestions about advice, products and services, take part in workshops, polls and test studies and have discussions with managers and technical specialists.

Sustainable offering

The growing importance of sustainability is opening up numerous business opportunities for Commerzbank: using renewable forms of energy, raising energy efficiency and reducing greenhouse gas emissions require new technologies and products, which incur a high level of investment. Commerzbank has been making a significant contribution to financing renewable energy since the mid-1980s. In 2015, the Energy Competence Centre's loan portfolio totalled around €5.1bn, compared with €4.6bn in the previous year. Commerzbank has financed around 17% of Germany's total wind power output.

The shift to renewables also brings challenges for our SME customers, not least in the form of higher electricity prices. Managing energy efficiency has become an important business issue. In 2015, Commerzbank's Mittelstandsbank signed an agreement with three technical standards bodies to offer joint technical, strategic and financial advice so businesses can make sound decisions. Commerzbank provides tailored financing solutions that include cheap development loans.

Active climate protection

Another element in our sustainability effort is operational environmental protection. The Commerzbank climate target of reducing CO_2 emissions by 70% by 2020 compared with 2007 had already largely been achieved by the end of 2014, with a reduction of 67.1%. Since 2015, unavoidable greenhouse gas emissions have been offset by buying and retiring valuable CO_2 certificates. Commerzbank's operations are therefore climate-neutral. This commitment was recognised at the DQS sustainability conference, with Commerzbank wining the German Award for Excellence 2015 in the carbon footprint category. The Bank also scored 100 out of 100 in the CDP Climate Disclosure Ranking 2015, making us Sector Leader Financials for climate disclosure in the Germany/Austria/Switzerland region.

Our Group climate strategy continues to focus on further reducing our environmental footprint. To do this we took various measures in 2015. One was the new bank car regulations, which provide greater incentives to lease low-CO_2 vehicles. Depending on the CO_2 emissions, the monthly leasing payment may be up to €125 cheaper or up to €175 more expensive. Staff can also now lease electric vehicles and use pool cars for business trips at selected locations. Our sustainable procurement standard was revised in 2015, giving us more influence over our suppliers.

Working hard to future-proof society

Commerzbank considers itself to be part of society and sees its task as having a positive influence on its surroundings. We champion the common good through numerous cooperation and sponsorship projects, supporting volunteering by staff and the activities of nine foundations. One example is the Commerzbank environmental internship, a joint project with 25 German national parks, nature parks and biosphere reserves. Since 1990, over 1,400 students have spent a semester gaining practical experience in protected areas. The internship combines a commitment to protecting nature and the environment with training offerings for students in all subjects. The aim is to raise young people's awareness of sustainable development and give them a taste of career prospects in natural and environmental protection. Commerzbank organises and finances the internship; the protected areas provide the expertise. Just in time for its 25th anniversary, in November 2015 the German Commission for UNESCO recognised the Commerzbank environmental internship as an official project of the UN Decade on Biodiversity. This award is a seal of quality and goes to special projects and initiatives dedicated to preserving biodiversity.

Further information on sustainability management at Commerzbank can be found in the Corporate Responsibility Report 2015. This consists of two parts: a hard-copy magazine with informative examples, and a detailed balance sheet available on the internet based on Global Reporting Initiative (GRI) indicators. The GRI balance sheet also 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. All components of the report and the latest updates can be found on the "Our Responsibility" internet portal at www.nachhaltigkeit.commerzbank.com.

Our employees

Engaged and capable employees are the decisive factor in the Bank's success. As a multi-channel bank, our claim is to offer our customers a comprehensive service and innovative products. At the same time, we are embracing the challenges of the World of Work 4.0 (Arbeitswelt 4.0), which is shaped by growth in networking and digitalisation, as well as new forms of organising work.

We are using our numerous HR policy tools to create an environment with attractive working conditions and development opportunities.

The number of employees at Commerzbank Aktiengesellschaft decreased by 1,312 (3.4%) year-on-year to 36,884 as at 31 December 2015.

HR strategy further developed

In the year under review, Commerzbank redefined the HR policy guidelines in its HR strategy, which led to the restructuring of Human Resources. Thanks to a clear focus on the Bank's targets, the quality of HR work is improving and increasing its value contribution. Special attention is paid to "Recruiting and personnel development" and "Performance management and compensation". As in other areas of the Bank, the key levers include standardisation, automation and sourcing. To lower costs and thereby future-proof Commerzbank and secure its competitiveness, Human Resources has become even more efficient and outsourced some of the tasks that can be standardised, such as processing contractual and address changes.

Partner for restructuring measures

Against a background of stiffer competition and a difficult market environment, all segments of the Bank regularly check whether their business model and processes are still sufficiently efficient or need to be adapted. Working constructively and professionally with the employee representative committees is a precondition to implementing innovation and change in the Bank. Since the start of the year under review, our expertise in implementing personnel restructuring measures has been bundled together in its own area. Human Resources advises and helps the Bank's segments, thereby playing a significant part in the successful implementation of new organisational structures and business models. If the restructuring measures involve cutting jobs, the Bank uses all its HR tools to ensure this takes place in a socially responsible manner. Employees are entitled to receive support from specialist internal HR advisors and attend coaching and orientation workshops to help them identify new career paths. The aim of these actions is to find employees a new job, either internally or externally.

Shared leadership philosophy the key to corporate success

Securing the Bank's long-term success requires us to share the same forward-looking philosophy of leadership. The cornerstones and corresponding principles of this were formulated during the year under review.

They are based on a six-dimensional, value-oriented leadership philosophy: put customer orientation into practice, deliver performance, be successful, work together, give direction and be a role model. These management principles constitute a uniform standard for management behaviour throughout the Bank and apply when working both with internal and external customers and with employees.

Women in management positions

Back in 2010, the Bank set a target of filling 30% of positions at all management levels throughout the Group with women by the end of 2015. In the year under review, the figure achieved was 28.5%. Filling management positions with women remains one of Commerzbank's key targets. In March 2015, after the German Federal Equality Act (Gesetz für die Gleichstellung von Frauen und Männern in der Bundesverwaltung und in den Unternehmen und Gerichten des Bundes) came into effect, the Board of Managing Directors decided to introduce a target percentage to be achieved for the two management levels below the Board of Managing Directors by 30 June 2017; this corresponds to the figure reported as at 31 December 2014. However, the published target percentages should not be regarded as budget figures. For example, the figure for the first management level improved from 8% to more than 18% in the year under review. It is a declared objective for the Bank to further increase the number of women in leadership positions, regardless of what the law says. This decision is also informed by our conviction that positions should be filled solely on the basis of qualification and expertise, regardless of gender. You can find more information in the 2015 Group Annual Report in the Corporate Governance report on page 32.

Commerzbank has been supporting Courage, an international women's network, for many years. It is a forum for female colleagues to meet and foster greater opportunities for women in Commerzbank. The Bank benefits from the increased expertise and experience of the networkers. Since 2014, when it established the "She VIP Lunch", Commerzbank has also been fostering exchanges between successful women in business, political and social spheres. They discuss topical issues relating to boosting women's careers, such as World of Work 4.0.

World of Work 4.0: new offers and answers

Digital technology has a massive impact on our working conditions. We are no longer necessarily tied to a set workplace or rigid hours. Many people, especially younger ones, see this as a great opportunity to shape their own working life to suit their personal circumstances. Employees are setting ever greater store by finding a good balance between their private lives and their careers. This is exemplified by the study we conducted with around 1,000 fathers at Commerzbank, which included managers. Their traditional gender role is increasingly taking a back seat. Women are occupying more and more management positions, and fathers are more closely involved in their families. By way of example, in the year under review 367 fathers took an average 2.2 months of parental leave. Childcare is increasingly becoming the shared task of a partnership. Commerzbank is supporting its employees in this change. It offers some 320 full-time places in day care centres and nurseries throughout Germany, as well as one after-school club in Frankfurt. In addition, the PME Familienservice arranges free places in childcare facilities on behalf of employees throughout the country where a place in company-sponsored childcare is not an option.

Flexibility and mobility, the key competitive advantages

The workplace design for the Lateral Towers in Frankfurt, where we have implemented our "New Work" concept, shows how the concept of a set workstation is being slowly broken down. The office building has fewer workstations than employees, but instead there are many work areas supporting communication between colleagues, such as think tanks, inspiration zones and the Coba lounge. New Work can be combined with flexible working hours and working from home. One side-effect is a massive saving on office costs.

Mobility is one of our central themes in terms of HR strategy. We have some 1,100 branches in Germany and a presence in more than 50 countries. It is not always an easy task to balance headcounts and staffing needs, so implementing strategic decisions quickly and flexibly gives us a crucial competitive edge. With the support of IT, we produce projections for segments and areas about their future staffing numbers and together develop scenarios for business growth and resulting headcount requirements. We are confident that we can exploit business potential to greater effect if employees are more willing to be mobile. As a result, we will be integrating international offices more closely into our next generation and executive development programmes.

Embracing change and diversity – key functions in the digitalised world of work

In the era of digitalisation and life-long learning, the profession we learn is often just the starting point for working life. Ongoing training and development are becoming more and more important in our working lives and are opening up new career prospects. We offer employees some 1,800 training measures to improve their fitness for the job. We also open up new prospects through about 300 cross-segment development paths. To ensure that training measures meet the Bank's requirements and employees' expectations, we have introduced the Competence Dialogue. In the year under review, a total of almost 29,500 employees took part in the Competence Dialogue and met with their line manager to discuss possible development paths, Bank-wide career planning and the training needed for this in Commerzbank. To do successful business with our customers, we need employees, managers and project managers who bring a broad spectrum of experiences and skills to the table. This includes being able to negotiate the various cultural contexts and not only thrive on their diversity, but also add value.

Keeping an eye on health risks
Being constantly contactable, leading a packed life and experiencing pressure at home means people often find themselves stressed or overstretched. This is proven by figures from the statutory health insurance schemes about the number of psychiatric illnesses in Germany, which have been rising for years. As an employer, we have a duty to keep an eye on the health of our staff. We have experienced psychosocial experts on hand in our Employee Assistance Programme (EAP) to help employees facing difficult situations in their professional or private lives. Our health management services, which were expanded in 2015, also include comprehensive offers on nutrition, stress management, movement and addiction prevention.

Modernisation of company benefits continues
Attractive company benefits can be an important factor in improving job satisfaction and motivation. The Bank is constantly expanding its benefits; for example, it promotes staff flexibility with an adapted company car offering. As an environmental protection measure, models with lower emissions are favoured. Our IT@home offer once again proved to be an extraordinarily coveted benefit in the year under review, receiving more than 5,800 orders. Employees taking up this offer can order high-quality smartphones, tablets and notebooks and benefit from tax advantages. The same applies to Bikelease, which provides employees with bicycles, pedelecs and other electric bikes at a tax advantage. Since the year under review, the leasing package has included insurance, emergency call-out and a mobility warranty.

Remuneration
As a result of the increased significance arising from greater regulation, remuneration of all employees below the level of the Board of Managing Directors is disclosed in a separate report (Remuneration Report pursuant to Section 16 of the Remuneration Ordinance for Institutions (Institutsvergütungsverordnung)). This is published annually on the Commerzbank website at www.commerzbank.com.

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

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 German Banking Act and the Remuneration Ordinance for Institutions. The existing system also needed to be simplified, so as to improve its transparency and its clarity in respect of success measurement. The Supervisory Board therefore agreed amended employment contracts with all members of the Board of Managing Directors with retroactive effect from 1 January 2015. However, the components of the previous remuneration system that had not been paid out in full by 1 January 2015 continued to be governed exclusively by the rules of the previous remuneration system, which is described in the 2014 Remuneration Report. The Remuneration Control Committee established in 2014 assisted the Supervisory Board in designing the new remuneration system. 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 in a vertical comparison with the remuneration of senior management and employee pay in Germany.

Main features of the remuneration system The core elements of the remuneration system are a fixed basic annual salary plus variable remuneration with a uniform target amount. The fixed basic annual salary of ordinary members of the Board of Managing Directors remains unchanged versus the old remuneration system, at €750 thousand, while the target amount of variable remuneration also remains unchanged at €1,000,000 per financial year. The appropriateness of the fixed basic annual salary and the variable remuneration is checked at regular two-yearly intervals. The 2015 Annual General Meeting approved the remuneration system and an upper limit for the ratio of variable to fixed remuneration of 140%.

Fixed remuneration components The fixed remuneration components include the basic annual salary and non-monetary elements. The fixed basic annual salary of ordinary members of the Board of Managing Directors is €750 thousand. It is payable in 12 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 (accident insurance), as well as the tax thereon.

Performance-related remuneration components (variable remuneration) The remuneration system provides for a uniform variable remuneration component linked to the achievement of targets set at the start of each financial year. The variable remuneration component combines EVA target achievement by the Commerzbank Group and target achievement by the department (segment and/or cross-cutting function) for which the member of the Board of Managing Directors in question is responsible with the achievement of individual performance targets. 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. The total goal achievement amount is arrived at by multiplying the overall goal achievement level by the target amount.

› **Target amount** The target amount for variable remuneration for the ordinary members of the Board of Managing Directors is €1,000,000 for goal achievement of 100%. Should it be necessary owing to a change in the lowest non-monetary benefits and lowest service cost for company pension arrangements (within the meaning of the German Commercial Code) among all members of the Board of Managing Directors for the purposes of compliance with the permitted ratio of fixed[1] to variable remuneration of 1:1.4, the Supervisory Board may reduce the target amount in order that the permitted ratio is still met once the maximum goal achievement possible is taken into account.

› **Target setting** Before the beginning of each financial year, the Supervisory Board sets targets for the members of the Board of Managing Directors:

- **Company targets** The Supervisory Board sets targets for economic value added (EVA) or other measures that it may choose for the Group and the departments for which a member of the Board of Managing Directors in question is responsible and determines what level of target attainment corresponds to what percentage.
- **Individual targets** The Supervisory Board also sets specific individual quantitative and/or qualitative targets for the members of the Board of Managing Directors.

› **Target achievement** Following the end of each financial year, the Supervisory Board decides on the extent to which the targets were achieved. Measurement of target achievement for the company objectives is 70% based on the Group's commercial success and 30% based on the results and target achievement of the department for which the member of the Board of Managing Directors in question is responsible. These measurements are over a three-year period, whereby the achievement of the company objectives for the financial year in question has a 3/6 weighting, against 2/6 for the previous year and 1/6 for the year before that. As a transitional arrangement, financial year 2015 will be based on that year alone; for financial year 2016 the weightings will be 2/3 for 2016 and 1/3 for 2015. This transitional arrangement will be applied analogously to new members joining the Board of Managing Directors. The results of the three-year achievement of the company targets are then multiplied by a factor of between 0.7 and 1.3, which is dependent on the achievement of the individual targets of the member of the Board of Managing Directors. 0.7 corresponds to individual target achievement of 0% (minimum), 1.0 to individual target achievement of 100% and 1.3 to individual target achievement of 200% (maximum). For intermediate figures, the Supervisory Board defines the factors in increments when setting the targets. Variable remuneration will only be applied if the Group achieves a profit before taxes and non-controlling interests according to IFRS.

The Supervisory Board may resolve to reduce or cancel the variable remuneration if necessary, for example to take account of the Bank's risk-bearing capacity or ability to ensure that it can maintain or rebuild sufficient capital or liquidity resources over the long term or to safeguard its ability to meet the capital buffer requirements of the German Banking Act. If predefined levels are not met, the Supervisory Board must normally disapply the variable remuneration. The Supervisory Board must also cancel the variable remuneration if the member of the Board of Managing Directors in question has committed a serious breach of duty during the financial year or in the period thereafter up to the determination of target achievement.

› **Short Term Incentive (STI)** 40% of the variable remuneration takes the form of a Short Term Incentive. Entitlement to the STI arises upon determination of the total target achievement amount for variable remuneration by the Supervisory Board and its notification to the member of the Board of Managing Directors. Half of the component is payable in cash on the next salary payment date after the member of the Board of Managing Directors was notified of his/her target achievement; the other half is payable after a 12-month waiting period, also in cash but share-based. This half is

[1] Fixed remuneration for the purposes of determining the permitted ratio is based on the basic salary plus the lowest non-monetary benefits and lowest service cost for company pension arrangements (within the meaning of the German Commercial Code) among all members of the Board of Managing Directors.

linked to the performance of the Commerzbank share since the end of the financial year in respect of which the STI was awarded.

› **Long Term Incentive (LTI)** The remaining 60% of the variable remuneration takes the form of a Long Term Incentive (LTI). Entitlement to the LTI arises only after the end of a five-year retention period and subject to a retrospective performance evaluation. The retrospective performance evaluation can result in the LTI being reduced or cancelled completely. This might be appropriate for example, if facts subsequently come to light that show the original determination of target achievement to be incorrect, if the Bank's capital adequacy has significantly deteriorated as a result of circumstances that can be linked back to the financial year in respect of which the variable remuneration was granted owing to a significant failure of risk management at Group level or in a department for which the member of the Board of Managing Directors is responsible, 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. Following notification of the results of the retrospective performance evaluation, the LTI element resulting from that performance evaluation will be payable half in cash and half after a further 12-month waiting period, also in cash but share-based. Here too, this half is linked to the performance of the Commerzbank share since the end of the financial year in respect of which the LTI was awarded.

Remuneration of the Chairman of the Board of Managing Directors The Chairman of the Board of Managing Directors receives 1.75 times the fixed basic annual salary of an ordinary member of the Board of Managing Directors, i.e. €1,312,500. The target amount for variable remuneration is €1,628,640, which is 1.63 times the target amount for an ordinary member of the Board of Managing Directors.

Remuneration for serving on the boards of consolidated 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.

Pension provision

› **Rules for members of the Board of Managing Directors in office in 2011** 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 for members of the Board of Managing Directors in office at the time.

Each member of the 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. The pension account represents the retirement pension entitlement the member of the Board of Managing Directors has accrued.

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(er)'s pension is 66 2/3% of the pension entitlement of the member of the Board of Managing Directors. If no widow(er)'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(er)'s pension.

› **Rules for Board members who were appointed after the new provisions came into effect** Pension provision for members of the Board of Managing Directors appointed after the new provisions came into effect was defined according to the Commerzbank capital plan for company pension benefits. 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 and amounting to at least 93.7% – 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. Under these rules, the amount in the pension account represents the minimum capital payment, where the amount in the virtual custody account is less.

As an alternative to the lump-sum payment, the member of the Board of Managing Directors may elect to receive a life-long pension.

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. If the member of the Board of Managing Directors has elected for the pension option, in the event of the death of the member of the Board of Managing Directors as the prospective or current recipient of a pension, their dependant receives a widow(er)'s pension of 60% of the current prospective pension entitlement or the pension instalment most recently paid.

› **Change to pension commitments** The Supervisory Board has amended the rules on pension provision for members of the Board of Managing Directors and contractually agreed with all members of the Board of Managing Directors with effect from January 2015 that increases in the fixed basic annual salary will no longer automatically translate into increased pension entitlements; these will require the approval of the Supervisory Board.

The following table shows for active members of the Board of Directors the annual pension entitlements at pensionable age of 62 on 31 December 2015, the actuarial net present values on 31 December 2015, the interest rate-adjusted changes in the settlement amounts for 2015, and comparable amounts for the previous year:

€1.000		Pension entitlements Projected annual pension at pensionable age of 62 As at 31.12.	Net present values of pension entitlements[1] As at 31.12.	Interest rate-adjusted changes in the settlement amount[2]
Martin Blessing	2015	324	4,779	–361
	2014	297	4,460	246
Frank Annuscheit	2015	180	2,742	100
	2014	157	2,279	265
Markus Beumer	2015	169	2,434	64
	2014	147	2,023	235
Stephan Engels	2015	75[3]	1,204	302
	2014	60[3]	886	319
Michael Reuther	2015	214	3,685	116
	2014	190	3,155	312
Dr. Stefan Schmittmann	2015	233	4,111	244
	2014	202	3,446	471
Martin Zielke	2015	153	2,349	323
	2014	126	1,726	336
Total	**2015**		**21,304**	**788**
	2014		**17,975**	**2,184**

[1] The increase in net present value was caused mainly by the lower discount rate, which is used in the calculation according to IFRS. The change in pension commitments to the members of the Board of Managing Directors, whereby a link to changes in salary is no longer employed when measuring the pension liabilities, had the opposite effect.
[2] Compared with the previous year, the interest rate-adjusted changes in settlement amounts were reduced in 2015 by the new arrangement mentioned in footnote 1.
[3] Capital sum annuitised.

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

As at 31 December 2015, pension obligations for current members of the Commerzbank Aktiengesellschaft Board of Managing Directors on the reporting date totalled €21m (previous year: €18m).

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 basic annual salary and variable remuneration – 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. From the moment the term of office is ended, the average target achievement of the other members of the Board of Managing Directors for the year in question will be used for target achievement. The variable remuneration also remains subject to the rules of the remuneration system, including the retrospective performance evaluation.

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 variable remuneration communicated for financial years prior to the termination of the contract of employment remains unaffected. The variable remuneration for the final year in office is reduced on a pro-rata basis where applicable. The variable remuneration also remains subject to the rules of the remuneration system, including the retrospective performance evaluation, in this case too.

If the contract of employment is not extended upon expiry of the current term of office, without there being good cause within the meaning of 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 member of the Board of Managing Directors will continue to receive his or her basic annual salary for a period of six months after the end of the original term of office. This payment ceases as soon as the member of the Board of Managing Directors 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 upon termination of a period of office or non-extension of an appointment the conditions apply for extraordinary termination of the employment contract pursuant to Art. 626 of the German Civil Code, the member of the Board of Managing Directors will receive no variable remuneration for the last year of his/her period of office. The same applies where a member of the Board of Managing

[1] The cap is twice the basic annual salary including company benefits (in particular the use of a company car with driver, security measures and insurance premiums (accident insurance)) plus the average variable compensation notified for the three previous financial years before termination of the period of office.

Directors resigns his/her mandate without good cause accepted by the Bank. In both these cases, the same applies to the fixed basic annual salary from the end of the month in which the period of office ends. If the period of office is terminated because of a serious breach of duty, the variable remuneration for the year in which the term of office ended and variable remuneration not yet paid out in respect of previous years shall not be payable.

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

The Supervisory Board has approved the following total goal achievement amounts for the variable remuneration system in respect of financial year 2015:

Member of the Board of Managing Directors	Total goal achievement amount €1,000
Martin Blessing	1,482
Frank Annuscheit	720
Markus Beumer	670
Stephan Engels	720
Michael Reuther	770
Dr. Stefan Schmittmann	770
Martin Zielke	800

Of the overall goal achievement amount, as described above 40% relates to the STI and 60% relates to the LTI, which is payable after the end of a five-year retention period and subject to a retrospective performance evaluation.

Remuneration of the individual members of the Board of Managing Directors for 2015, along with the comparative figures from 2014, is shown below in accordance with German reporting standard no. 17 (DRS 17):

The share-based amounts, i.e. the amounts under the STI and LTI[1] settled in virtual shares, must under DRS 17 be shown at their original value at the time they were granted, regardless of their actual change in value.

- Under the old remuneration system, granting took place at the same time that the target announcement was made. With respect to these components for 2014, the table therefore shows theoretical values and not payout sums.
- Under the new remuneration system, granting takes place only once the entitlement under the STI/LTI exists. The cash component of the STI for 2015 is shown at 20% of the total goal achievement amount. This corresponds to the payout sum for the STI cash component. The share-based STI component is linked to the performance of the Commerzbank share. The table therefore shows theoretical values and not payout sums for this component too. As the entitlement under the LTI (share-based and non-share-based) for the variable remuneration in respect of 2015 only comes into being after the end of the five-year retention period, it is not shown in this table.

[1] Last year's share-based amounts also contained price-related components with cash compensation.

Remuneration of the individual members of the Board of Managing Directors for 2015 and in comparison with the previous year (for 2014 see over)

2015	Fixed components		Performance-related components				
€1,000			with short-term incentive			with long-term incentive[1]	Total remuneration under DRS 17[6]
	Basic salary	Other[2]	STI in cash[3]	STI in virtual shares[4]		LTI 2012 in cash[5]	
					Number of virtual shares in units		
Martin Blessing	1,313	112	296	189	29,524	0	**1,910**
Frank Annuscheit	750	82	144	92	14,343	0	**1,068**
Markus Beumer	750	77	134	85	13,347	0	**1,046**
Stephan Engels	750	109	144	92	14,343	0	**1,095**
Michael Reuther	750	104	154	98	15,339	0	**1,106**
Dr. Stefan Schmittmann	750	91	154	98	15,339	0	**1,093**
Martin Zielke	750	102	160	102	15,937	0	**1,114**
Total	**5,813**	**677**	**1,186**	**756**	**118,172**	**0**	**8,432**

[1] The performance-related components with long-term incentive effect under the new remuneration system will be granted following the retrospective performance evaluation by the Supervisory Board after the end of the five-year retention period. This means in 2021 in the case of financial year 2015.
[2] The heading "Other" includes non-monetary benefits granted in 2015, tax due on non-monetary benefits and employer contributions to the BVV occupational retirement fund. The increase versus the previous year is due in particular to tax factors.
[3] Payable in 2016 upon determination of the total goal achievement amount for 2015.
[4] Payable one year after payment of the STI in cash. The amounts disclosed are the values at the time the variable remuneration was set in February 2016. The payout is dependent on the future performance of the Commerzbank share. The number of virtual shares is calculated from the proportionate goal achievement amount and the average Commerzbank share price over November and December 2016.
[5] The LTI cash components 2012 due upon the end of the four-year period from 2012 to 2015 and approval of the annual financial statements for 2015 have a value of €0, as all members of the Board of Managing Directors waived their EVA-dependent STI and LTI components for 2012. The share component and the cash element of the LTI share component to be disclosed here have a value of €0 in view of the performance of the Commerzbank share relative to its peers over the period in question.
[6] The total payments to be disclosed under DRS 17 for financial year 2015 consist only of those components over which members of the Board of Managing Directors already have a legally binding claim. As such, the total payments to be disclosed under DRS 17 do not include the LTI components, as no claim arises until the retrospective performance evaluation has been conducted after the end of the five-year retention period.

Remuneration of the individual members of the Board of Managing Directors for 2015 and in comparison with the previous year

2014	Fixed components		Performance-related components: short-term incentive (STI)				Performance-related components: long-term incentive (LTI)				
€1,000	Basic salary	Other[1]	Variable remuneration in cash[2]		Variable remuneration with settlement in virtual shares[3]		Variable remuneration in cash[4]	Variable remuneration[5]: cash-settled share-based remuneration	Variable remuneration[5]: with settlement in virtual shares		Total remuneration under DRS 17[6]
			dependent on EVA target achievement	dependent on achievement of individual targets	dependent on EVA target achievement	dependent on achievement of individual targets	dependent on EVA target achievement in the four-year period	dependent on share price and TSR performance in the four-year period	dependent on EVA target achievement in the four-year period	dependent on share price and TSR performance in the four-year period	
Martin Blessing	1,313	73	35	201	110	175	–	263	241	263	**2,674**
Frank Annuscheit	750	57	20	120	63	100	–	150	138	150	**1,548**
Markus Beumer	750	38	20	105	63	100	–	150	138	150	**1,514**
Stephan Engels	750	69	20	105	63	100	–	150	138	150	**1,545**
Michael Reuther	750	70	20	110	63	100	–	150	138	150	**1,551**
Dr. Stefan Schmittmann	750	49	20	115	63	100	–	150	138	150	**1,535**
Martin Zielke	750	68	20	115	63	100	–	150	138	150	**1,554**
Total	**5,813**	**424**	**155**	**871**	**488**	**775**	**–**	**1,163**	**1,069**	**1,163**	**11,921**

[1] The heading "Other" includes non-monetary benefits granted in 2014, tax due on non-monetary benefits and employer contributions to the BVV occupational retirement fund.

[2] The variable remuneration in cash for financial year 2014 was paid out following the approval of the annual financial statements for 2014 in April 2015.

[3] Under DRS 17, these remuneration components are presented irrespective of their actual performance at the level of target achievement that was expected at the time of granting at the start of financial year 2014. The payout is dependent on the performance of the Commerzbank share. It takes place one year after payment of the STI cash component.

[4] 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.

[5] The payouts for 2014 are 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 financial year 2014.

[6] The total payments to be disclosed under DRS 17 for financial year 2014 consist of share-price-dependent remuneration components at the level of target achievement that was originally expected when the targets were set. Conversely, total payments pursuant to DRS 17 do not include the non-share-based LTI cash component.

Loans to members of the Board of Managing Directors

Members of the Board of Managing Directors have been granted loans with terms ranging from on demand up to a due date of 2042 and at interest rates ranging between 1.3% and 2.8%, and on amounts overdrawn in certain cases up to 15.2%. 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 Board of Managing Directors was €4,930 thousand, compared with €3,165 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 5 May 2015 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.

The remuneration components for financial year 2015 are, in accordance with the Code, stated in the benefits table assuming 100% target achievement in each case, whereas for the prior year, in light of the old remuneration system, only the cash components are to be disclosed at their values assuming 100% target achievement. The 2014 virtual share components must be disclosed at their original expected value, assuming 100% target achievement. All values are considerably higher than the actual amounts currently expected. Entitlement to both LTI components arises only after the end of a five-year retention period and subject to a retrospective performance evaluation. As such, these components must not be stated in the DRS 17 table. However, the German Corporate Governance Code requires these components to be stated as though already granted in financial year 2015.

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

	Benefits granted				Allocation	
€1.000	**2015**	**Minimum value**	**Maximum value**	**2014**	**2015**	**2014**
Fixed remuneration	1,313	1,313	1,313	1,313	1,313	1,313
Accessory considerations	112	112	112	73	112	73
Total	**1,425**	**1,425**	**1,425**	**1,386**	**1,425**	**1,386**
One year variable remuneration[1]	**326**	**0**	**489**	**350**	**296**	**236**
Multi-year variable remuneration[1, 2]	**1,304**	**0**	**1,955**	**1,314**	**0**	**0**
STI 2012 in virtual shares (up to Q1/2014)	–	–	–	–	–	0
STI 2013 in virtual shares (up to Q1/2015)[3]	–	–	–	–	0	–
STI 2014 in virtual shares (up to Q1/2016)	–	–	–	285	–	–
STI 2015 in virtual shares (up to Q1/2017)[4]	326	0	489	–	–	–
LTI 2012 in cash (up to 31.12.2015)[5]	–	–	–	–	0	–
LTI 2012 in virtual shares (up to Q1/2017)	–	–	–	–	–	–
LTI 2013 in cash (up to 31.12.2016)	–	–	–	–	–	–
LTI 2013 in virtual shares (up to Q1/2018)	–	–	–	–	–	–
LTI 2014 in cash (up to 31.12.2017)	–	–	–	525	–	–
LTI 2014 in virtual shares (up to Q1/2019)	489	0	733	504	–	–
LTI 2015 in cash (up to 31.12.2020)	489	0	733	–	–	–
LTI 2015 in virtual shares (up to 31.12.2021)	–	–	–	–	–	–
Partial waiver of variable remuneration[6]	**–**	**–**	**–**	**–164**	**–**	**–**
Total	**3,055**	**1,425**	**3,869**	**2,886**	**1,721**	**1,622**
Pension cost[7]	–596	–596	–596	434	–596	434
Total remuneration	**2,459**	**829**	**3,273**	**3,320**	**1,125**	**2,056**

1 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.
2 The terms of the LTI 2015 cash and virtual shares components 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. By contrast, the other virtual share components take account of share price performance up to shortly before the point of payment and as such can only be reported as an allocation for the year in which payment is made.
3 Martin Blessing, Chairman of the Board of Managing Directors, has waived all entitlement to variable remuneration for 2012 and 2013.
4 The maximum amounts stated for the STI 2015 in virtual shares have been calculated assuming a constant share price. These maximum amounts could theoretically be exceeded if the share price rises.
5 The LTI components 2012 due upon approval of the annual financial statements for 2015 have a value of €0, as all members of the Board of Managing Directors waived their EVA-dependent STI and LTI components for 2012. The share component and the cash element of the LTI share component to be disclosed here have a value of €0 in view of the performance of the Commerzbank share relative to its peers over the period in question.
6 The members of the Board of Managing Directors waived part of their variable remuneration for financial year 2014, specifically where the maximum amounts of €1.5m for the Chairman of the Board of Managing Directors and €1m for the other members of the Board of Managing Directors would be exceeded. As these amounts are below the fixed remuneration actually paid, the partial waiver exceeded the legal requirements. As such, the partial waiver of the Chairman of the Board of Managing Directors affected the benefits granted under the German Corporate Governance Code, not the allocations (actual payouts) for 2014.
7 Service cost within the meaning of IAS 19 is to be stated here (see "Pension provision" section).

(Continued)

Frank Annuscheit
Chief Operating Officer, Human Resources

	Benefits granted				Allocation	
€1.000	2015	Minimum value	Maximum value	2014	2015	2014
Fixed remuneration	750	750	750	750	750	750
Accessory considerations	82	82	82	57	82	57
Total	**832**	**832**	**832**	**807**	**832**	**807**
One year variable remuneration[1]	**200**	**0**	**300**	**200**	**144**	**140**
Multi-year variable remuneration[1, 2]	**800**	**0**	**1,200**	**751**	**151**	**59**
STI 2012 in virtual shares (up to Q1/2014)	–	–	–	–	–	59
STI 2013 in virtual shares (up to Q1/2015)	–	–	–	–	151	–
STI 2014 in virtual shares (up to Q1/2016)	–	–	–	163	–	–
STI 2015 in virtual shares (up to Q1/2017)[4]	200	0	300	–	–	–
LTI 2012 in cash (up to 31.12.2015)[5]	–	–	–	–	0	–
LTI 2012 in virtual shares (up to Q1/2017)	–	–	–	–	–	–
LTI 2013 in cash (up to 31.12.2016)	–	–	–	–	–	–
LTI 2013 in virtual shares (up to Q1/2018)	–	–	–	–	–	–
LTI 2014 in cash (up to 31.12.2017)	–	–	–	300	–	–
LTI 2014 in virtual shares (up to Q1/2019)	–	–	–	288	–	–
LTI 2015 in cash (up to 31.12.2020)	300	0	450	–	–	–
LTI 2015 in virtual shares (up to 31.12.2021)	300	0	450	–	–	–
Partial waiver of variable remuneration[6]	**–**	**–**	**–**	**0**	**–**	**–**
Total	**1,832**	**832**	**2,332**	**1,758**	**1,127**	**1,006**
Pension cost[7]	199	199	199	386	199	386
Total remuneration	**2,031**	**1,031**	**2,531**	**2,144**	**1,326**	**1,392**

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

	Benefits granted				Allocation	
€1.000	2015	Minimum value	Maximum value	2014	2015	2014
Fixed remuneration	750	750	750	750	750	750
Accessory considerations	77	77	77	38	77	38
Total	**827**	**827**	**827**	**788**	**827**	**788**
One year variable remuneration[1]	**200**	**0**	**300**	**200**	**134**	**125**
Multi-year variable remuneration[1, 2]	**800**	**0**	**1,200**	**751**	**131**	**76**
STI 2012 in virtual shares (up to Q1/2014)	–	–	–	–	–	76
STI 2013 in virtual shares (up to Q1/2015)	–	–	–	–	131	–
STI 2014 in virtual shares (up to Q1/2016)	–	–	–	163	–	–
STI 2015 in virtual shares (up to Q1/2017)[4]	200	0	300	–	–	–
LTI 2012 in cash (up to 31.12.2015)[5]	–	–	–	–	0	–
LTI 2012 in virtual shares (up to Q1/2017)	–	–	–	–	–	–
LTI 2013 in cash (up to 31.12.2016)	–	–	–	–	–	–
LTI 2013 in virtual shares (up to Q1/2018)	–	–	–	–	–	–
LTI 2014 in cash (up to 31.12.2017)	–	–	–	300	–	–
LTI 2014 in virtual shares (up to Q1/2019)	–	–	–	288	–	–
LTI 2015 in cash (up to 31.12.2020)	300	0	450	–	–	–
LTI 2015 in virtual shares (up to 31.12.2021)	300	0	450	–	–	–
Partial waiver of variable remuneration[6]	**–**	**–**	**–**	**0**	**–**	**–**
Total	**1,827**	**827**	**2,327**	**1,739**	**1,092**	**989**
Pension cost[7]	146	146	146	353	146	353
Total remuneration	**1,973**	**973**	**2,473**	**2,092**	**1,238**	**1,342**

For footnotes see page 16.

(Continued)

Stephan Engels
Chief Financial Officer

€1.000	Benefits granted 2015	Benefits granted Minimum value	Benefits granted Maximum value	Benefits granted 2014	Allocation 2015	Allocation 2014
Fixed remuneration	750	750	750	750	750	750
Accessory considerations	109	109	109	69	109	69
Total	**859**	**859**	**859**	**819**	**859**	**819**
One year variable remuneration[1]	**200**	**0**	**300**	**200**	**144**	**125**
Multi-year variable remuneration[1, 2]	**800**	**0**	**1,200**	**751**	**131**	**48**
STI 2012 in virtual shares (up to Q1/2014)	–	–	–	–	–	48
STI 2013 in virtual shares (up to Q1/2015)	–	–	–	–	131	–
STI 2014 in virtual shares (up to Q1/2016)	–	–	–	163	–	–
STI 2015 in virtual shares (up to Q1/2017)[4]	200	0	300	–	–	–
LTI 2012 in cash (up to 31.12.2015)[5]	–	–	–	–	0	–
LTI 2012 in virtual shares (up to Q1/2017)	–	–	–	–	–	–
LTI 2013 in cash (up to 31.12.2016)	–	–	–	–	–	–
LTI 2013 in virtual shares (up to Q1/2018)	–	–	–	–	–	–
LTI 2014 in cash (up to 31.12.2017)	–	–	–	300	–	–
LTI 2014 in virtual shares (up to Q1/2019)	–	–	–	288	–	–
LTI 2015 in cash (up to 31.12.2020)	300	0	450	–	–	–
LTI 2015 in virtual shares (up to 31.12.2021)	300	0	450	–	–	–
Partial waiver of variable remuneration[6]	**–**	**–**	**–**	**0**	**–**	**–**
Total	**1,859**	**859**	**2,359**	**1,770**	**1,134**	**992**
Pension cost[7]	317	317	317	316	317	316
Total remuneration	**2,176**	**1,176**	**2,676**	**2,086**	**1,451**	**1,308**

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

€1.000	Benefits granted 2015	Benefits granted Minimum value	Benefits granted Maximum value	Benefits granted 2014	Allocation 2015	Allocation 2014
Fixed remuneration	750	750	750	750	750	750
Accessory considerations	104	104	104	70	104	70
Total	**854**	**854**	**854**	**820**	**854**	**820**
One year variable remuneration[1]	**200**	**0**	**300**	**200**	**154**	**130**
Multi-year variable remuneration[1, 2]	**800**	**0**	**1,200**	**751**	**151**	**59**
STI 2012 in virtual shares (up to Q1/2014)	–	–	–	–	–	59
STI 2013 in virtual shares (up to Q1/2015)	–	–	–	–	151	–
STI 2014 in virtual shares (up to Q1/2016)	–	–	–	163	–	–
STI 2015 in virtual shares (up to Q1/2017)[4]	200	0	300	–	–	–
LTI 2012 in cash (up to 31.12.2015)[5]	–	–	–	–	0	–
LTI 2012 in virtual shares (up to Q1/2017)	–	–	–	–	–	–
LTI 2013 in cash (up to 31.12.2016)	–	–	–	–	–	–
LTI 2013 in virtual shares (up to Q1/2018)	–	–	–	–	–	–
LTI 2014 in cash (up to 31.12.2017)	–	–	–	300	–	–
LTI 2014 in virtual shares (up to Q1/2019)	–	–	–	288	–	–
LTI 2015 in cash (up to 31.12.2020)	300	0	450	–	–	–
LTI 2015 in virtual shares (up to 31.12.2021)	300	0	450	–	–	–
Partial waiver of variable remuneration[6]	**–**	**–**	**–**	**0**	**–**	**–**
Total	**1,854**	**854**	**2,354**	**1,771**	**1,159**	**1,009**
Pension cost[7]	200	200	200	438	200	438
Total remuneration	**2,054**	**1,054**	**2,554**	**2,209**	**1,359**	**1,447**

For footnotes see page 16.

(Continued)

Dr. Stefan Schmittmann
Chief Risk Officer

	Benefits granted				Allocation	
€1.000	2015	Minimum value	Maximum value	2014	2015	2014
Fixed remuneration	750	750	750	750	750	750
Accessory considerations	91	91	91	49	91	49
Total	**841**	**841**	**841**	**799**	**841**	**799**
One year variable remuneration[1]	**200**	**0**	**300**	**200**	**154**	**135**
Multi-year variable remuneration[1, 2]	**800**	**0**	**1,200**	**751**	**141**	**53**
STI 2012 in virtual shares (up to Q1/2014)	–	–	–	–	–	53
STI 2013 in virtual shares (up to Q1/2015)	–	–	–	–	141	–
STI 2014 in virtual shares (up to Q1/2016)	–	–	–	163	–	–
STI 2015 in virtual shares (up to Q1/2017)[4]	200	0	300	–	–	–
LTI 2012 in cash (up to 31.12.2015)[5]	–	–	–	–	0	–
LTI 2012 in virtual shares (up to Q1/2017)	–	–	–	–	–	–
LTI 2013 in cash (up to 31.12.2016)	–	–	–	–	–	–
LTI 2013 in virtual shares (up to Q1/2018)	–	–	–	–	–	–
LTI 2014 in cash (up to 31.12.2017)	–	–	–	300	–	–
LTI 2014 in virtual shares (up to Q1/2019)	–	–	–	288	–	–
LTI 2015 in cash (up to 31.12.2020)	300	0	450	–	–	–
LTI 2015 in virtual shares (up to 31.12.2021)	300	0	450	–	–	–
Partial waiver of variable remuneration[6]	**–**	**–**	**–**	**0**	**–**	**–**
Total	**1,841**	**841**	**2,341**	**1,750**	**1,136**	**987**
Pension cost[7]	620	620	620	612	620	612
Total remuneration	**2,461**	**1,461**	**2,961**	**2,362**	**1,756**	**1,599**

Martin Zielke
Privatkunden

	Benefits granted				Allocation	
€1.000	2015	Minimum value	Maximum value	2014	2015	2014
Fixed remuneration	750	750	750	750	750	750
Accessory considerations	102	102	102	68	102	68
Total	**852**	**852**	**852**	**818**	**852**	**818**
One year variable remuneration[1]	**200**	**0**	**300**	**200**	**160**	**135**
Multi-year variable remuneration[1, 2]	**800**	**0**	**1,200**	**751**	**161**	**53**
STI 2012 in virtual shares (up to Q1/2014)	–	–	–	–	–	53
STI 2013 in virtual shares (up to Q1/2015)	–	–	–	–	161	–
STI 2014 in virtual shares (up to Q1/2016)	–	–	–	163	–	–
STI 2015 in virtual shares (up to Q1/2017)[4]	200	0	300	–	–	–
LTI 2012 in cash (up to 31.12.2015)[5]	–	–	–	–	0	–
LTI 2012 in virtual shares (up to Q1/2017)	–	–	–	–	–	–
LTI 2013 in cash (up to 31.12.2016)	–	–	–	–	–	–
LTI 2013 in virtual shares (up to Q1/2018)	–	–	–	–	–	–
LTI 2014 in cash (up to 31.12.2017)	–	–	–	300	–	–
LTI 2014 in virtual shares (up to Q1/2019)	–	–	–	288	–	–
LTI 2015 in cash (up to 31.12.2020)	300	0	450	–	–	–
LTI 2015 in virtual shares (up to 31.12.2021)	300	0	450	–	–	–
Partial waiver of variable remuneration[6]	**–**	**–**	**–**	**0**	**–**	**–**
Total	**1,852**	**852**	**2,352**	**1,769**	**1,173**	**1,006**
Pension cost[7]	588	588	588	456	588	456
Total remuneration	**2,440**	**1,440**	**2,940**	**2,225**	**1,761**	**1,462**

For footnotes see page 16.

Supervisory Board

Principles of the remuneration system and remuneration for financial year 2015

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 each 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.

Commerzbank Aktiengesellschaft intends to pay a dividend of €0.20 per share in respect of financial year 2015. Members of the Supervisory Board thus receive total net remuneration for financial year 2015 of €2,019 thousand (previous year: €1,657 thousand). Of this figure, the basic remuneration and remuneration for serving on committees amounts to €1,541 thousand (previous year: €1,305 thousand), of which €201 thousand is variable remuneration (previous year: €0). Attendance fees amounted to €478 thousand (previous year: €352 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 is divided between the individual members of the Supervisory Board as follows:

€1,000		Fixed remuneration	Variable remuneration	Attendance fee	Total
Klaus-Peter Müller	2015	200.0	30.0	43.5	273.5
	2014	200.0	–	31.5	231.5
Uwe Tschäge	2015	120.0	18.0	36.0	174.0
	2014	117.7	–	22.5	140.2
Hans-Hermann Altenschmidt	2015	100.0	15.0	43.5	158.5
	2014	80.0	–	30.0	110.0
Dr. Nikolaus von Bomhard (until 30 April 2015)	2015	13.2	2.0	7.5	22.7
	2014	40.0	–	10.5	50.5
Gunnar de Buhr	2015	60.0	9.0	24.0	93.0
	2014	60.0	–	19.5	79.5
Stefan Burghardt	2015	40.0	6.0	15.0	61.0
	2014	40.0	–	10.5	50.5
Sabine Ursula Dietrich (since 30 April 2015)	2015	26.7	4.0	9.0	39.7
	2014	–	–	–	–
Karl-Heinz Flöther	2015	60.0	9.0	27.0	96.0
	2014	73.5	–	25.5	99.0
Prof. Dr.-Ing. Dr.-Ing. E. h. Hans-Peter Keitel	2015	–	–	–	–
(until 8 Mai 2014)	2014	21.2	–	4.5	25.7
Dr. Markus Kerber	2015	100.0	15.0	34.5	149.5
	2014	80.0	–	24.0	104.0
Alexandra Krieger	2015	40.0	6.0	15.0	61.0
	2014	40.0	–	12.0	52.0
Oliver Leiberich	2015	40.0	6.0	16.5	62.5
	2014	40.0	–	12.0	52.0
Dr. Stefan Lippe (since 8 Mai 2014)	2015	60.0	9.0	21.0	90.0
	2014	32.3	–	9.0	41.3
Beate Mensch	2015	40.0	6.0	15.0	61.0
	2014	40.0	–	9.0	49.0
Anja Mikus (since 30 April 2015)	2015	26.7	4.0	9.0	39.7
	2014	–	–	–	–
Dr. Roger Müller	2015	40.0	6.0	16.5	62.5
	2014	40.0	–	12.0	52.0
Dr. Helmut Perlet	2015	100.0	15.0	31.5	146.5
	2014	100.0	–	27.0	127.0
Barbara Priester	2015	40.0	6.0	13.5	59.5
	2014	40.0	–	10.5	50.5
Mark Roach	2015	40.0	6.0	15.0	61.0
	2014	40.0	–	12.0	52.0
Petra Schadeberg-Herrmann (until 30 April 2015)	2015	13.2	2.0	9.0	24.2
	2014	53.5	–	15.0	68.5
Margit Schoffer	2015	60.0	9.0	27.0	96.0
	2014	60.0	–	21.0	81.0

€1,000		Fixed remuneration	Variable remuneration	Attendance fee	Total
Nicholas Teller (since 8 Mai 2014)	2015	60.0	9.0	24.0	93.0
	2014	32.3	–	10.5	42.8
Dr. Gertrude Tumpel-Gugerell	2015	60.0	9.0	25.5	94.5
	2014	60.0	–	19.5	79.5
Solms U. Wittig (until 8 Mai 2014)	2015	–	–	–	–
	2014	14.1	–	4.5	18.6
Total	**2015**	**1,339.8**	**201.0**	**478.5**	**2,019.3**
	2014	**1,304.6**	**–**	**352.5**	**1,657.1**

Members of the Supervisory Board once again provided no advisory, intermediary or other personal services in 2015. 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 1.3% and 5.1%, and on amounts overdrawn in certain cases up to 12.0%. 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 €2,961 thousand; in the previous year, the figure was €563 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 €5,000 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 2015, members of Commerzbank's Board of Managing Directors and Supervisory Board reported no directors' dealings in Commerzbank shares or derivatives thereon.

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 2015.

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 €1,252,357,634.00 at the end of the financial year. It is divided into 1,252,357,634 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 of the share capital represented at the date of resolution, a simple majority of the capital represented is adequate (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 €569,253,470.00 by issuing new shares under Art. 4 (3) (Authorised Capital 2015) of the Articles of Association applicable on 31 December 2015. 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 30 April 2015 gave the Board of Managing Directors the authority to issue convertible bonds or bonds with warrants, profit-sharing certificates or hybrid debt instruments (both with and without conversion or option rights or mandatory conversion) against a cash or non-cash contribution for a total nominal value of up to €13,600,000,000.00. Financial instruments can also be structured in such a way that they are recognised as Additional Tier 1 capital at the time of issue. Conditional capital of up to €569,253,470.00 is available to issue financial instruments according to Art. 4 (4) of the Articles of Association (Conditional Capital 2015). 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 in exchange for non-cash contributions.

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, profit-sharing certificates or hybrid debt instruments allows the Bank to respond appropriately and promptly to changed capital needs.

On 30 April 2015, the Annual General Meeting authorised the Board of Managing 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 29 April 2020. 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 value, 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. Provided that the voting rights remained unchanged, the Financial Market Stabilisation Fund holds a stake of approximately 15.6% in the voting capital of Commerzbank AG following the capital increase in April 2015.

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 37 ff.

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 that 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 full Board of Managing Directors and ending with the individual approval authorities of each employee. The scope and structure of the governance framework follow 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 full Board of Managing Directors
- Rules of procedure
- Organisational 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-wide ICS lies primarily with the full Board of Managing Directors, while the CFO is responsible for the reporting process. The full Board of Managing Directors is responsible for structuring the Bank-wide ICS and demonstrating that it is appropriate, while the CFO is responsible for structuring the ICS for financial reporting and ensuring its effectiveness for this purpose. 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 and Controlling 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 when 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 in a systematic and targeted manner, 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. Particularly with regard to reporting and the assessment of audit results, GM-A is not subject to any directives. Based on MaRisk, its 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. The audit of 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; recipients include the responsible members of the Board of Managing Directors. 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. For Commerzbank AG in Germany, the 2015 financial statements have been produced using the new financial architecture; this consists of a new financial data warehouse that provides a consistent repository of basic information, and standard SAP software for the financial function. The parent company in Germany therefore has a single solution using consistent financial data for financial statements under both IFRS and the German Commercial Code.

As part of the input process for financial reporting, all information relevant for drawing up the financial statements of 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 checks 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 faulty developments on the operational side 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", are publicly accessible on the website of Commerzbank Aktiengesellschaft at www.commerzbank.com.

Business and overall conditions

Economic environment

The global economy took a turn for the worse in 2015. This was due in large part to weaker growth in emerging markets. Seven years of cheap money had led to macroeconomic and financial excesses there, and the subsequent correction is hampering growth. The growth slowdown in China, which had been in evidence for a few years, was thus severely exacerbated. Steep falls in commodity prices were also a cause of concern for commodity-producing countries.

By contrast, developed countries were able to continue their recovery from the crisis in 2015. In the US, the economy continued to grow at a pace of 2.4% even though full employment has now almost been reached. The unemployment rate fell to 4.9% as at the start of 2016, close to the level seen before the deep recession of 2007–09. The increasing competition for labour has already brought slight upward pressure on wages. Against this backdrop, the US Federal Reserve decided in December 2015 to end its zero-interest-rate policy. It therefore carried out the first rate hike since June 2006, raising the fed funds rate by 25 basis points.

In the eurozone, the economy performed better than expected in 2015, growing by 1.5% – a much faster rate than in 2014 (0.9%). It was mainly boosted by the sharp depreciation in the euro in the second half of 2014 and early 2015, and by the steep fall in the crude oil price. In addition, the economies of the former crisis countries Spain, Ireland and Portugal returned to growth. However, after a very good start to the year, the euro economy lost momentum again during the course of 2015. In the third and fourth quarters of 2015 it grew by just 0.3% quarter-on-quarter, following 0.5% growth in the first three months of the year. Despite the economic recovery, the labour market situation saw little improvement, with unemployment still in double digits at the end of 2015. This was also likely to have been a major reason for the persistently low underlying price growth in the eurozone. As the level of inflation was still considered far too low from a central bank point of view, the European Central Bank (ECB) further eased its monetary policy further in December, cutting the deposit rate from –0.2% to –0.3%.

The German economy grew by 1.7% in 2015, a similar pace to that recorded in 2014. Consequently, while this was still faster than the other eurozone countries, the gap was much smaller. This is unsurprising given the tighter supply of labour. Unemployment at year-end was 6.3%, the lowest level since German reunification. Recently, the economy has been bolstered by private household and state consumption. By contrast, capital expenditure has hardly risen at all, while in the third quarter exports fell.

Financial markets were once again dominated in 2015 by the extremely loose monetary policies pursued by the leading central banks. Investors continued to be forced into riskier forms of investment such as equities, corporate bonds and the government bonds of periphery countries. At the same time, the global depreciation race continued, with many central banks seeking to weaken their currencies in order to stoke domestic inflation.

Sector environment

The banking sector environment was beset by a number of adverse factors in 2015. The reasons were: uncertainty among market participants over whether the eurozone – and the EU in general – could remain intact; doubts over the growth prospects for China and other major emerging countries following sharp corrections in Chinese equities and on the global commodity markets; uncertainty over the timing of the first US rate hike; the movement of refugees and resulting polarisation; the terror spreading globally; and incipient uncertainties in the US high-yield bond market.

While in the first half of the year there were signs of a strong pick-up in the pace of economic growth, momentum was only modest from around the middle of 2015 onwards. This led to increased complexity and to uncertainty over growth, which was in turn reflected in higher financial market volatility. However, valuations in the international equity markets stabilised as prices were supported by expectations of continued monetary policy accommodation in many countries. The falls in yields on long-term government bonds in the major currency areas, which continued into the second half of the year, were another contributing factor here. The German Bund yield curve flattened from early summer. This was an inhibiting factor in the environment for banks, limiting their ability to transform maturities and restricting net interest income.

Bank profitability remained under pressure, in particular from structural trends (regulation and stiff competition) and the level of interest rates. The environment of low – and in some cases actually negative – interest rates and increasing reinvestment difficulties, combined with the expectation of new capital and liquidity rules, resulted in little improvement in banks' basic earnings power. Corporate capacity utilisation was normal at best and did not lead to any meaningful revival in lending business. Net interest income remained under pressure as interest rates stayed low and the yield curve flattened. However, the German banking system grew more resilient again thanks to a marked recovery in capital ratios and the decrease in leverage last year.

Important staffing and business policy events

Commerzbank made further progress in 2015 on the implementation of its strategic agenda and further reduced both risks and complexity. Also on the agenda in the year under review was the strengthening of the capital base, which was successfully implemented with the capital increase carried out in the spring. In mid-March 2015, Commerzbank reached an agreement after long negotiations with the US investigating authorities in connection with US sanctions and money laundering violations, thus bringing a lengthy, complicated process to a conclusion. There were some changes in personnel during the year, within both the Board of Managing Directors and the Supervisory Board of Commerzbank.

Commerzbank reaches agreement with the US authorities regarding sanctions and money laundering violations

In mid-March 2015, Commerzbank reached settlements with various US authorities regarding violations of US sanctions and anti-money laundering provisions.

Commerzbank has been cooperating with US authorities and authorities in New York for several years and provided them with detailed documentation and the findings of various internal investigations. The Bank has improved its compliance function over the past few years and implemented steps to remedy the deficiencies on which the measures taken by the US authorities are based. The Bank has also appointed new managers for its compliance unit since 2013 and plans to more than double the number of compliance staff in the US by 2016. Commerzbank also has wide-ranging obligations under the agreement, particularly in relation to cooperation with the US authorities and the improvement of the Bank's compliance processes.

Commerzbank has put in place a comprehensive programme called ARC (Achieving a Robust Compliance Framework) to ensure employees keep within the law and regulations. To do this, Commerzbank is improving its compliance function and reinforcing compliance management in all its business units around the world. In addition to the ARC programme, the members of the Board of Managing Directors regularly stress that the Bank takes its comprehensive compliance obligations seriously and expects every single employee to do the same. The New York State Department of Financial Services has put in place an independent monitor to supervise the Bank's compliance programme for preventing money laundering and breaches of sanctions and to implement measures for correction and improvement.

Commerzbank increases share capital by just under 114 million shares

At the end of April 2015, the Board of Managing Directors of Commerzbank Aktiengesellschaft decided, with the approval of the Supervisory Board, to increase the share capital. 113,850,693 new shares were placed with institutional investors by way of an accelerated bookbuilding transaction. The placement price was €12.10 per share, and the gross issue proceeds totalled around €1.4bn. With the successful conclusion of the capital measure we have taken the Common Equity Tier 1 ratio to the level now demanded by the capital market sooner than anticipated.

Annual General Meeting elects new members of the Supervisory Board

As proposed by the Supervisory Board, the Annual General Meeting on 30 April 2015 elected Sabine U. Dietrich and Anja Mikus to the Supervisory Board to succeed Petra Schadeberg-Hermann and Dr. Nikolaus von Bomhard respectively. Sabine U. Dietrich is a member of the Management Board of BP Europe SE. Anja Mikus is Chief Investment Officer at Arabesque Asset Management. The changes in the Supervisory Board were necessary because Petra Schadeberg-Hermann and Dr. Nikolaus von Bomhard stepped down with effect from the end of the 2015 Annual General Meeting. Solms U. Wittig was appointed by the Annual General Meeting as a substitute member for the two new members of the Supervisory Board.

Commerzbank sells ship restructuring platform

In mid-July 2015, Commerzbank took advantage of the favourable market environment and signed an agreement to sell its ship restructuring platform HSAM GmbH (Hanseatic Ship Asset Management GmbH) founded at the end of May 2013 to a joint venture established between KKR Special Situations Group of Kohlberg Kravis Roberts & Co. L.P. (USA) and Borealis Maritime Ltd. (UK). The sale generated proceeds of around €233m. The parties have agreed to maintain confidentiality about all other details of the contract.

HSAM GmbH was a wholly owned subsidiary of Commerzbank Inlandsbanken Holding GmbH. It was founded to acquire potentially profitable individual ships from existing, impaired credit relationships and operate them on the platform. At last count there were 18 ships in the HSAM GmbH portfolio, made up of 13 container ships and 5 bulk carriers. The sale of HSAM GmbH improves the risk profile of the Non-Core Assets (NCA) segment and realises the substantial value that was only made possible by operating the ships on the specifically created HSAM platform.

Changes on the Board of Managing Directors of Commerzbank

At the beginning of September the Supervisory Board of Commerzbank agreed to the request by Dr. Stefan Schmittmann to terminate his contract as Chief Risk Officer, which was to run until the end of October 2016, at the end of 2015. At its meeting of 4 November 2015, the Supervisory Board appointed Dr. Marcus Chromik as successor to Dr. Stefan Schmittmann on the Board of Managing Directors of Commerzbank Aktiengesellschaft with effect from 1 January 2016. Previously, the 43-year-old had been Divisional Board Member and Chief Credit Risk Officer Core Bank since 2012. Prior to that, he spent over three years as Chief Market Risk Officer for the Corporates & Markets segment and was responsible for the Bank's market and liquidity risk management. After obtaining a doctorate in nuclear physics, he began his career at McKinsey in 2001. In 2004, Dr. Marcus Chromik moved to the Postbank Group, where he held various management positions, including responsibility for the areas of issuing and syndicate business, liquidity management and credit treasury.

At the beginning of November 2015, Martin Blessing, Chairman of the Board of Managing Directors of Commerzbank Aktiengesellschaft, informed the Chairman of the Supervisory Board that he would like to fulfil his contract running until the end of October 2016 but that he would decline the offer to extend the contract. The Supervisory Board will provide information regarding his successor in due course.

Commerzbank sells international wealth management activities in Luxembourg

Commerzbank reached agreement with Julius Baer in mid-December on the sale of its international wealth management activities in Luxembourg. Included in the sale of Commerzbank International S.A. Luxembourg (“Cisal”) are customer portfolios, the transfer of staff and a corresponding IT platform. The purchase price is €68m, of which €25m is classed as regulatory capital. The parties have agreed to maintain confidentiality about all other details of the transaction. The transaction is still subject to approval by the supervisory authorities.

Earnings performance, assets and financial position

In 2015 Commerzbank once again found itself in a difficult environment for banks, with continued low or negative interest rates. In addition, regulatory requirements for banks are becoming stricter and have to be implemented at ever-shorter intervals, which presented growing challenges and weighed correspondingly on earnings. The ongoing low level of loan loss provisions continued to have a positive impact on earnings performance in 2015.

In the fourth quarter of 2015, Commerzbank Aktiengesellschaft successfully rolled out the Group Finance Architecture (GFA) programme to restructure the process and system architecture of the finance function. This led to changes compared to the previous presentation. Full details can be found in Note 4.

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.

Income statement

Commerzbank Aktiengesellschaft made a net profit of €1,693m in 2015, following a net profit of €282m 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 – fell by about one-quarter year-on-year to €4,670m. This was mainly caused by a smaller surplus of interest income over interest expense of €1.3bn, which in turn resulted from lower income from plan assets to cover pension obligations and higher imputed interest expense for provisions for pensions.

At €2,691m, net commission income was 4.8% higher than in the previous year. The increase was primarily due to higher portfolio-volume-based commission income from securities and higher income from asset management, payments and foreign exchange.

Net trading income amounted to €–191m in the year under review. Charges from sales and remeasurements in the trading portfolio were partially offset by 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 €1m, compared with €–550m the previous year. The previous year’s negative figure was mainly attributable to higher allocations to provisions, in particular for litigation and recourse risk.

Operating expenses fell by 3.3% in the year under review to €5,421m, with personnel expenses – primarily due to lower pension expenses – falling by 6.1% to €3,100m. At €2,321m, other operating expenses were at the same level as in the previous year. While savings were made on IT and other office costs, there was a marked rise in consultancy costs and expenses in connection with regulatory requirements.

Depreciation, amortisation and write-downs of intangible and fixed assets increased by 35.1% to €331m in the year under review, due in particular to higher scheduled amortisation of intangible assets.

The net profit for the previous year included write-downs and valuation allowances on receivables and certain securities and allocations to provisions in lending business amounting to €–1,506m; in contrast, the year under review contains income from write-ups on receivables and certain securities and from the release of provisions in lending business totalling €846m. This trend was primarily due to a much lower allocation to loan loss provisions and a rise in net income from our securities liquidity portfolio due to higher gains on disposal.

Write-downs and valuation allowances on equity holdings, holdings in affiliated companies and securities treated as fixed assets totalled €–154m in the year under review, compared with €–304m in the previous year. The decline was particularly due to lower impairments on affiliated companies.

The cost of assuming subsidiaries ’ losses under profit and loss transfer agreements was €60m, up from €5m in the previous year. This was mainly due to loss compensation for Atlas Vermögensverwaltungsgesellschaft mbH relating to a write-down on a shareholding.

As a result of the income statement items described above, Commerzbank Aktiengesellschaft posted an operating profit of €2,051m in 2015, compared with €545m in the previous year.

Tax expenses amounted to €232m in 2015, compared with €217m a year earlier. Of this rise, €7m related to taxes on income and €8m to other taxes.

Commerzbank Aktiengesellschaft therefore made a net profit of €1,693m in 2015 after €282m in the previous year. Half of the net profit for the year under review, i.e. €846m, was allocated to Other retained earnings, leaving a net profit of €847m. Subject to the approval of the decision-making bodies, the net profit will be used to pay a dividend of €0.20 per share and to further strengthen retained earnings.

Balance sheet

Total assets of Commerzbank Aktiengesellschaft fell 3.9% or €16.3bn year-on-year to €401.0bn.

Within assets, the cash reserve rose sharply, by €18.8bn to €22.4bn. This was attributable in particular to the investment of available liquidity with central banks because of lower reverse repo terms. Claims on banks fell compared with year-end 2014, by €5.3bn to €87.4bn. 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 €2.2bn compared with the previous year’s level to €173.7bn. Whereas reverse repo transactions posted a marked fall, property and mortgage loans rose sharply. Bonds and other fixed-income securities fell by €14.8bn to €31.0bn. A decline of just under one-third, this was due to a €14.3bn fall in holdings of bonds and notes in the liquidity reserve.

Trading assets recorded a volume of €67.7bn, compared with €87.4bn in the previous year. The fall in the fair values of derivative financial instruments (in particular interest rate and currency transactions), together with a lower volume of bonds and fixed income securities, particularly German, reduced trading assets by €19.6bn. Holdings in affiliated companies fell by 3.6% compared with 31 December 2014 to €8.1bn.

On the liabilities side, liabilities to banks – especially repos and cash collaterals – fell sharply by 15.0% to €89.7bn. Almost all of the decrease in volume related to German bank liabilities. Conversely, liabilities to customers rose by 7.9% or €15.5bn to €210.7bn. Whereas collateralised money market transactions such as repos fell sharply, by €9.0bn, time and savings deposits grew €26.6bn. Securitised liabilities remained at around the year-end 2014 level at €27.0bn. Bonds and notes issued fell by virtually the same amount that money market instruments rose. Trading liabilities recorded a volume of €32.2bn, compared with €44.6bn in the previous year. The €12.4bn decline was mainly due to a fall in fixed-income derivatives business. Subordinated liabilities totalled €9.7bn, €0.2bn lower year-on-year. At €0.8bn, profit-sharing certificates were €0.1bn lower year-on-year. Equity capital was 17.0% higher year-on-year at €21.1bn.

Off-balance-sheet liabilities rose overall year-on-year, with contingent liabilities slightly down on the prior year at €35.4bn and irrevocable lending commitments up €12.2bn to €69.0bn.

Capital and reserves

Commerzbank Aktiengesellschaft’s reported equity as at 31 December 2015 was €3.1bn higher compared with year-end 2014, at €21.1bn. The capital reserve increased by €1.3bn compared with year-end 2014 due to the capital increase carried out in the spring. As at the reporting date, it stood at €17.2bn. Subscribed capital rose slightly, by €0.1bn to €1.7bn. Retained earnings were up €1.0bn on the end-2014 level, at €1.3bn.

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 €198.2bn as at 31 December 2015, markedly below the year-end 2014 level. This decline was mainly due to reductions in credit and market price risks (here the CVA Risk Capital Charge). The decline in risk-weighted assets in the area of credit risks was due mainly to the significant reduction in the credit portfolio in the Non-Core Assets segment, to the reduction in fair values/exposures in derivatives and to the decision to no longer risk-weight pension assets in connection with the changed interpretation of the European Banking Authority (EBA Q&A 2014_1567). The effects were partly offset by rises in credit risk resulting from exchange rate movements.

Regulatory Tier 1 capital rose by around €2.2bn to €27.3bn compared with year-end 2014, chiefly as a result of the capital increase at the end of April. In conjunction with the significantly reduced level of risk-weighted assets, the Tier 1 ratio rose to 13.8%. Common Equity Tier 1 capital came to €27.3bn. Under Basel 3 phase-in rules, this is identical to Tier 1 capital. The total capital ratio was 16.5% as at the reporting date. The Common Equity Tier 1 ratio (on a fully phased-in basis, i.e. on the basis of fully implemented Basel 3 regulations according to our interpretation) stood at 12.0% as at the reporting date. As at the reporting date, the leverage ratio based on the CRD IV/CRR rules applicable on that date (delegated act), which compares Tier 1 capital with leverage exposure, was 5.1% (phase-in) or 4.5% (fully phased-in).

The Bank complies with all regulatory requirements. The reporting disclosures required by law include the consolidated profit attributable to Commerzbank shareholders and take into account a corresponding dividend accrual.

Summary of 2015 business position

In 2015 Commerzbank once again found itself in a difficult environment for banks, with continued low or negative interest rates. In addition, regulatory requirements for banks are becoming stricter and have to be implemented at ever-shorter intervals, which presented growing challenges and weighed correspondingly on earnings.

In this challenging environment, we achieved much in 2015: With a return on equity of consolidated profit of just under 4%, we have improved significantly on the previous years and are thus continuing our positive trend. In the Core Bank we achieved a return on equity of 8.3% assuming that the Group's tax rate was the average of the last three years.

This was despite the fact that the very low to negative interest rate environment had a severe adverse impact on deposit spreads and in turn our net interest income, while the bank levy and regulatory requirements led to additional costs. This shows that, with our strategic focus, we are on track to achieve a sustainably higher level of profitability in the years ahead. At the same time, we reduced the risks within the Group substantially in 2015. Overall, the operating business performed well in 2015. In our customer-facing segments we achieved further growth, won market share, expanded our customer base and further improved customer satisfaction. Our earnings performance in the core segments in 2015 was largely in line with our forecasts or, as in the Private Customers segment, significantly in excess of them.

Commerzbank Aktiengesellschaft's net profit improved significantly overall in the year under review to €1,693m, up from €282m last year. Profitability was therefore fully in line with what we had predicted for 2015.

Report on events after the reporting period

Commerzbank opens representative office in Beijing for capital market operations

At the beginning of February 2016, Commerzbank received approval from the China Securities Regulatory Commission and the Beijing Administration for Industry and Commerce to open a representative office in Beijing for capital market operations. As a result, customers can now benefit even more strongly from Commerzbank's investment banking expertise. With the new representative office, Commerzbank is strengthening its offering for companies and institutions. The new representative office thus enables us to provide our customers both inside and outside Asia with even better support for their expansion plans and funding programmes.

There have been no other events of particular significance since the end of 2015.

Outlook and opportunities report

Future economic situation

In 2016, the main risks to the global economy will come from growth in emerging markets. The spotlight here remains on China, where debt, especially at state companies, has increased – primarily in the construction and property industries, and in mining and utilities, where large volumes of overcapacity and falling sales prices predominate. The companies operating in these sectors are coming under increasing pressure. This will slow Chinese economic growth further in 2016, even though the banks, which are mostly state-owned, are likely to keep most of the highly indebted companies above water with loans, at the urging of the government. The collapse in commodity prices in 2015 benefited commodity-importing emerging markets, excluding China. This tailwind is likely to blow itself out as commodity prices stabilise. But the main damage to emerging markets will be higher key rates in the US, as a decade of cheap money draws to a close there, too. Conversely, the economies of countries whose exports are dominated by commodities stand to pick up somewhat in 2016.

In the USA we expect 2% growth for 2016. Strong domestic demand will offset easing demand from emerging markets and the dampening effect of dollar appreciation. The US Fed will increase the fed funds rate further as the US economy is approaching full employment, with a jobless rate of under 5%, while wages are already rising more strongly, which is a signal for higher medium-term inflation.

Real gross domestic product Change from previous year	2015	2016[1]	2017[1]
USA	2.4%	2.0%	2.2%
Eurozone	1.5%	1.3%	1.5%
Germany	1.7%	1.3%	1.3%
Central and Eastern Europe	0.4%	2.1%	2.5%
Poland	3.6%	3.1%	3.2%

[1] The figures for 2016 and 2017 are all Commerzbank forecasts.

There is unlikely to be much change in eurozone economic growth in 2016. Growth promises to remain modest, given the problems in emerging markets and the continuing high indebtedness of many companies and private households, combined with falling property prices in some countries. Growth might even be a bit lower than in 2015, at 1.3%, with the result that the decline in the unemployment rate, which is still in double digits, will be only faltering in 2016. Accordingly, underlying inflation will remain weak. The massive fall in oil prices will gradually also drive down prices of non-energy goods, largely neutralising the inflationary effect of previous euro depreciation.

Emerging market weakness will heap more pressure on the German economy in 2016. We expect growth here to be just 1.3%, although this will have positive effects too, increasing the already high level of production capacity utilisation. The economy's main driver will be private consumption. At 3% growth, wages in 2016 are set to outstrip inflation (0.7%) by a clear margin, which, in combination with low interest rates, will boost consumption. This will lift the economy and compel companies to hire more people, which will increase consumption further, unless key rates rise, which is not in sight, however. Germany is at the beginning of a consumption-driven upturn, but beneath the gloss are increasing numbers of undesirable developments. Growth in the labour costs of German companies has been outpacing the rest of the eurozone for the last five years already. And in the property market, low interest rates are driving up prices, especially in the major cities. If this property bubble bursts, the economic damage could be immense.

The US interest rate reversal is likely to cause unrest on the financial markets in 2016. Unlike last year, yields on ten-year Bunds are set to rise moderately in 2016, with significant fluctuations along the way, and will not hit any new lows. The DAX is set to rise in 2016, albeit with high volatility: its dividend yield of over 3% looks attractive in light of the ECB's set-in-stone zero interest rate policy, and this will create scope in 2016 for further price/earnings ratio gains. The euro/dollar exchange rate should move towards parity, given the clear divergence in monetary policy either side of the Atlantic.

Exchange rates	31.12.2015	31.12.2016[1]	31.12.2017[1]
Euro/US-dollar	1.09	1.06	1.04
Euro/Sterling	0.74	0.73	0.69
Euro/Zloty	4.26	4.25	4.25

[1] The figures for 2016 and 2017 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 substantially since our statements published in the Interim Report as at 30 September 2015.

The past few months have shown that terror attacks and the continuing uncertainty over emerging market growth have not impeded companies or capital markets. The Fed's first rate hike for almost ten years, in mid-December 2015, was largely interpreted as a sign of confidence in the US economy's future growth. The mood amongst corporates in the eurozone has been very good of late, but the hard economic data have been no more than solid.

It is still too soon to sound the all-clear for banking, as the eurozone economy is still receiving a push-start from special factors such as lower oil prices, a drop in the external value of the euro and in particular expansionary monetary policy; the danger of setbacks in the economic recovery has not been totally banished. As such, we do not expect any substantial change in the pace of economic growth in 2016. The euro crisis – with its complex interplay between government debt and financial and structural factors – is not so easily overcome. Deleveraging by governments, companies and private households has not yet been completed and continues to weigh on the profitability of banks throughout the eurozone. In eurozone bond markets, expansionary monetary policy has to some extent served only to paper over the tensions; and in submarkets, the banks' withdrawal – due to the regulatory framework – is causing anomalies in prices.

The eurozone banking sector is still in the middle of a long-term structural transformation triggered by the crisis of the last few years. The focus remains on individual business models for sustainable profit generation and stress resistance in an ongoing low interest rate environment. As a result, big banks – particularly German ones – are stubbornly trading at a huge discount to their book value. The stronger capital base is offset by reductions in implicit government guarantees, stricter rules on resolution and greater creditor loss participation.

A further reduction in leverage exposure levels, improved asset quality and better operating profitability in an increasingly digitalised and automated industry are still essential if the banking sector is to meet the tougher requirements of banking supervisors and fulfil investor expectations.

The pressure on the banking sector has increased as a result of regulation, structural transformation and competition; reducing this is made even more difficult by the increasingly limited scope for stabilising margins due to the very low level of interest rates and the uncertainty of achieving additional relief by further reducing loan loss provisions. The increased use of internal and alternative external funding sources will impede a strong revival in lending to corporate customers, despite signs of recovery. In the private customer business, however, net commission income could grow, despite the prevailing preference for highly liquid investments paying little commission and an unwillingness to buy securities directly, particularly as there is increased scope for sales of pension products. Stimulus for the segment is also coming from domestic employment, which is at a record high, and the still good prospects for real estate lending.

Low interest rates, high price sensitivity on the part of customers and greater competition from online banks and technology-driven players with banking licences remain a fundamental hindrance to the expansion of earnings potential.

The outlook for banking in Poland has been dampened by the outcome of the last parliamentary elections, even though the economic situation remains good. Because of the newly introduced bank tax and other potential legal and regulatory initiatives, including the conversion of mortgage loans denominated in Swiss francs into zloty, we expect the banking sector to come under significant pressure. The predicted economic growth should boost credit volumes, however, and the improving position of private households and the corporate sector will be reflected in banks' risk costs. Thanks to higher disposable income, the main growth drivers include deposits and loans in the Private Customers segment, while lending business with corporate customers is also expected to increase income.

Managing opportunities at Commerzbank

The demands placed on modern, sustainable banking business have changed markedly in the past few years. Whereas in the past, personal customer relationship management was a key element of banking, these days our customers expect multi-channel advisory services, digital financial offerings and individual, tailor-made products. We are rising to these challenges with the strategic initiatives we have launched and in some cases already successfully implemented. But we face additional challenges from increasingly stringent regulatory requirements. With this in mind, the constant review of internal processes, structures and technical platforms to make ourselves leaner, more efficient and more customer-oriented is not a one-off project but an ongoing process that will occupy us over the coming years and should enable us to largely counteract the significantly tougher requirements.

The Bank is targeting focused growth by placing the customer centre stage, expanding its digital capabilities and making the business model more flexible and robust. The aim is to win new customers and gain their long-term loyalty, create a digital customer experience, digitalise organisation and collaboration, and learn from fintech firms. The Bank also aims to respond quickly to trends and the market environment, secure the continuity of income and introduce flexible costs.

In Private Customers, the online and mobile banking trend is continuing unabated and altering customer behaviour perceptibly. Under our strategic measures, therefore, we will expand digital banking into a pillar of equal significance, integrated with the branches. Here, the Group division will focus on driving ahead mobile banking and creating a single technical platform for the online and branch channels. In addition, the branch processes will be enhanced and the product range streamlined.

In Mittelstandsbank, the implementation of the digital transformation and internationalisation will be crucially important for us and our customers. Using innovative platforms, we will offer an even greater range of digital services. Digitalisation is opening up new opportunities in all sectors: building up digital expertise will enable corporate customer advisors and product specialists to offer customers even more closely tailored support in the digitalisation of their own business models. In international business, we will begin operations at our subsidiary in São Paulo, Brazil in the spring and will also make use of our market position in the processing of foreign trade and the expansion of our core market across the whole of Europe to achieve further growth internationally and help even more companies to internationalise their operations.

In the Central & Eastern Europe segment, mBank will continue focusing on growth in mobile and transaction banking, taking into account the increasingly complex requirements of customers. Overall, mBank is looking to focus its business activities even more strongly on customer needs, which it will identify more accurately and quickly. It aims to do this by improving its offering on an ongoing basis and developing new products that respond even better to customers' expectations as regards innovation and user-friendliness in banking.

The Corporates & Markets segment plans to further consolidate its market position in individual Group divisions in 2016. Implementation of the new competence centre model introduced in 2015, which bundles together the segment's product and market expertise at the different locations, is due to be completed in 2016. The Corporate Finance and Client Relationship Management Group divisions will be merged into one new Group division, Advisory & Primary Markets. This will bolster Commerzbank's traditional strengths in capital market financing, and both large German corporates and European multinationals will receive more comprehensive support following a sector-specific approach.

Commerzbank anticipates that its capital market funding requirement over the coming years will be comparable to the volume for 2015. The Bank is able to issue mortgage Pfandbriefe, public-sector Pfandbriefe and structured covered bonds secured by SME loans. The secured funding instruments in particular give us stable access to long-term funding with cost advantages compared with unsecured sources of funding. Such issues are a key element of Commerzbank's funding mix. Commerzbank will continue to raise unsecured funding from the capital market in the future. This will mainly be via public or private placements to meet demand from customers and to further diversify the Bank's funding base.

Anticipated performance of Commerzbank Aktiengesellschaft

For 2016, we expect capital market volatility to remain high and for the low interest rate environment to continue making a negative impact. However, despite the challenging conditions, we are still aiming to further strengthen our market position while continuing with our rigorous cost management.

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 2016 in this regard:

Anticipated performance of individual earnings components

In 2016 we expect further headwinds for interest income given the extremely low level of market interest rates and, as a result, the persistent pressure on margins on the deposit side. Our challenge remains to compensate for this as far as possible with growth and margin management. The significant improvement in our competitive position in recent years, particularly in retail mortgages, should help us to do so. However, corporate investment activity, which remains at a relatively low level, is likely to make only a small compensatory growth contribution. In addition, the considerable progress made in the reduction of non-strategic portfolios is detracting from the Group's net interest income. Excluding the balance of interest income from trading activities, we therefore expect a slight fall in net interest income at Group level.

Meanwhile, we expect a small increase in net commission income on a similar scale to last year's. Once again, private customer business is expected to make the biggest contribution in this respect. We intend to continue benefiting here from our advisory approach, which is geared towards customer satisfaction and makes use of the competitive offering under the new custody model introduced in 2015, and from continued income growth generated by the instalment loan business.

It is difficult to forecast net trading income because of the unpredictability of developments on the global financial markets. However, in past years Commerzbank has repeatedly ensured a stable contribution from this business thanks to a risk-oriented, customer-centric approach.

As regards Group loan loss provisions, in the non-strategic sub-portfolios we expect further substantial charges for ship financing. We still do not see any prospect of a general improvement in the environment here, with conditions very tough in some parts of the market. In the operating core segments, we expect significantly lower net releases of provisions. We therefore expect higher loan loss provisions in this area than in 2015. We expect Group loan loss provisions to rise moderately overall, but to remain at a very low level by historical standards.

Operating expenses will be negatively affected by the newly introduced bank levy in Poland in 2016. The Bank has taken measures to compensate at least partially for this effect in Poland. In addition, the drive to improve efficiency will continue. This remains crucial for countering the increase in costs resulting from the investment activities being undertaken to increase future profitability and from the implementation of regulatory measures. Overall, operating expenses this year – excluding bank levies – are thus expected to be more or less in line with the 2015 level.

After the slightly higher-than-average tax position in 2015, we expect a return to a tax rate in line with the historical average this year, assuming there are no exceptional items. However, if interest rates were to be cut further, there is a possibility of the tax position being adjusted once again by way of write-downs on deferred tax assets.

Anticipated segment performance

In private customer business, growth in customers, accounts and assets remain the key objectives for 2016. Commerzbank's leading position in the systematic transformation from a branch bank to a multi-channel bank represents a significant competitive advantage in this respect, and we intend to use this to gain further market share among private and business customers. We still see real estate and consumer lending as a focal point for growth in credit business. We also expect further growth in income to come from even stronger penetration of the existing customer base this year as we serve customers through all sales channels. In addition, the branch processes will be enhanced and the product range streamlined. We therefore expect a further slight increase in both operating profit and operating return on equity in private customer business in 2016. The cost/income ratio is expected to fall once again.

Mittelstandsbank will also concentrate on further consolidating its leading market position through the digital transformation of advisory and sales processes in 2016. Customers will benefit from an even wider offering of digital services that they can access via various state-of-the-art channels. In addition, by broadening our core market to include the whole of Europe, we are stepping up the internationalisation of our business and are thus able to help even more companies with their own expansion into new countries. At the same time, possibilities for strategic focusing will be reviewed on an ongoing basis.

Given the ongoing low interest rate environment, investments in the further development of our business model and the high expenditure on implementing regulatory requirements, we expect operating profit in 2016 to be more or less in line with the previous year's level. The operating return on equity and cost/income ratio should therefore remain largely stable.

In the Central & Eastern Europe segment, mainly comprising our majority holding in mBank, we see further growth potential in the medium term. In mBank, Commerzbank has one of the world's most innovative direct banking platforms and an attractive, continually growing base of currently more than 5 million corporate and private customers. However, the introduction of the bank levy is expected to result in significantly lower operating profit compared with 2015 and, accordingly, a fall in operating return on equity and rising cost/income ratio. In addition, there is still uncertainty as to whether and in what form the Polish government's proposed conversion of mortgage loans issued in foreign currency will be implemented.

Given the comparatively high dependency on exogenous market factors and the continuing developments in the regulatory environment, earnings forecasts for the Corporates & Markets segments are subject to considerable uncertainty. In an environment that remains challenging from a regulatory and market point of view, the segment plans to further consolidate its market position in individual Group divisions. Special attention continues to be paid to strengthening the relationships with customers served by Commerzbank's Private Customers segment. Digitalisation of sales channels is expected to bring further efficiency gains in Corporates & Markets, too. We do not believe that the net releases of provisions seen in the previous two years can be repeated. Overall, we forecast that operating profit will remain stable in 2016 compared with 2015. The possibility that the segment will need more regulatory capital cannot be ruled out, so operating return on equity could fall.

In the Asset & Capital Recovery Unit (ACR), the improved quality of the portfolio, which has already been significantly reduced in recent years, is having a positive effect. Consequently, we expect loan loss provisions to decrease again. At the same time, ACR is set to have a much smaller loan portfolio, so there will be a correspondingly steep fall in current interest income. We therefore anticipate a significantly lower operating loss before measurement effects.

General statement on the outlook for the Group

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

For the Group, provided that there are no significant changes in economic and political conditions, and assuming that the tax rate returns to normal, we expect a slight improvement in consolidated profit in 2016. Depending on the extent of the improvement, return on equity may remain stable or fall slightly given the significantly stronger capital base. The cost/income ratio is likely to increase slightly year-on-year owing to the Polish bank levy. In 2015, the Group once again posted a significant year-on-year improvement in economic value added. This was largely the result of the significantly higher consolidated profit in 2015. We expect this positive trend to continue in 2016.

Based on our current estimates, we again anticipate a net profit in Commerzbank Aktiengesellschaft's parent company financial statements in 2016.

With the strong improvement of 270 basis points overall in the Basel 3 Common Equity Tier 1 capital ratio to 12.0% (on a "fully phased-in" basis, i.e. according to our interpretation of the rules that will apply from 2019; year-end 2014: 9.3%), we have already met – and significantly exceeded – our target of a 10% ratio by the end of 2016. Although future developments in the regulatory environment are difficult to predict, we believe that the substantially higher ratio achieved gives us a sufficient capital cushion. We aim to maintain a Tier 1 ratio in the region of at least 12% in 2016. This forecast does not rule out temporary fluctuations in the ratio over time.

We have made Commerzbank much more resistant to negative external influences in recent years. Nevertheless, at the start of 2016 numerous risk factors have been 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 uncertain economic and political situation in Europe and the economic slowdown in many emerging markets, particularly China, which could have a particularly severe impact on the strongly export-oriented German economy. Regulatory or legal influences could also have a negative impact.

Other adverse factors are the still unchecked fall in the prices of many commodities, the migration of large numbers of refugees towards Europe as a result of the military tensions in the Middle East and the heightened global terrorist threat. These factors began in the third quarter of 2015 to contribute to a steady, significant increase in capital market volatility, with the result that considerable dislocations and continued price losses across many asset classes cannot be ruled out.

Risk report

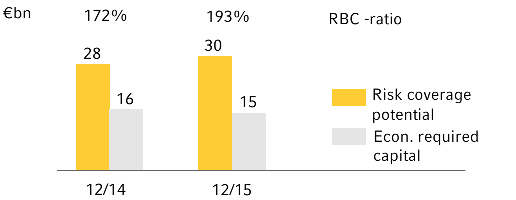
Risk reporting takes place according to the internal risk management of Commerzbank at the Group and segment level. The basis for this is formed by the financial figures according to IFRS as well as the key risk parameters according to the regulatory requirements. The financial data and key risk parameters 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 2015

Solid capitalisation and high risk-bearing capacity ratio

- The risk coverage potential rose to €30bn.
- The risk-bearing capacity ratio was on a high level at 193%.

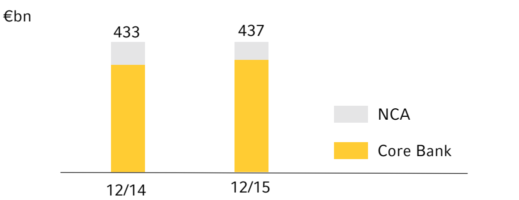
Risk bearing capacity



Significant exposure reduction in Non-Core Assets

- The NCA exposure in the performing loan book was reduced by €17bn to €61bn in the course of the year.
- In contrast, the exposure in the Core Bank was increased from €355bn to €377bn. Thus more than 85% of the total exposure is now associated with the Core Bank.

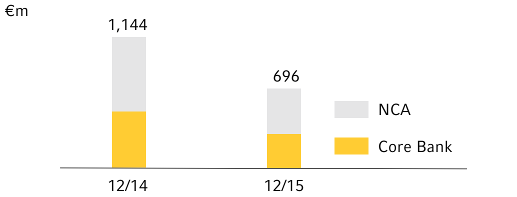
EaD



Loan loss provision for the Group decreased by more than one third to €696m

- The loan loss provision in NCA was significantly reduced, particularly in Deutsche Schiffsbank.
- The decrease in the Core Bank mainly occurred in the Mittelstandsbank segment.

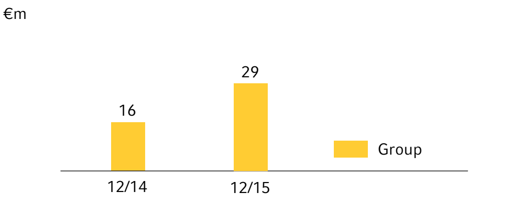
Loan loss provisions



Market risk in the trading book increased in the course of 2015

- Increase of the VaR was due to significant higher volatilities.
- The increase became noticeable mainly in foreign exchange risks.

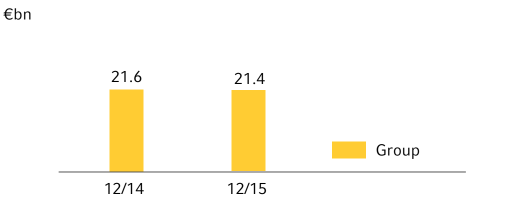
VaR



Operational risks remained constant year-on-year

- Risk-weighted assets from operational risks remained virtually constant at €21.4bn.
- Accordingly, the economically required capital for OpRisk remained at the previous year's level at €1.8bn.

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

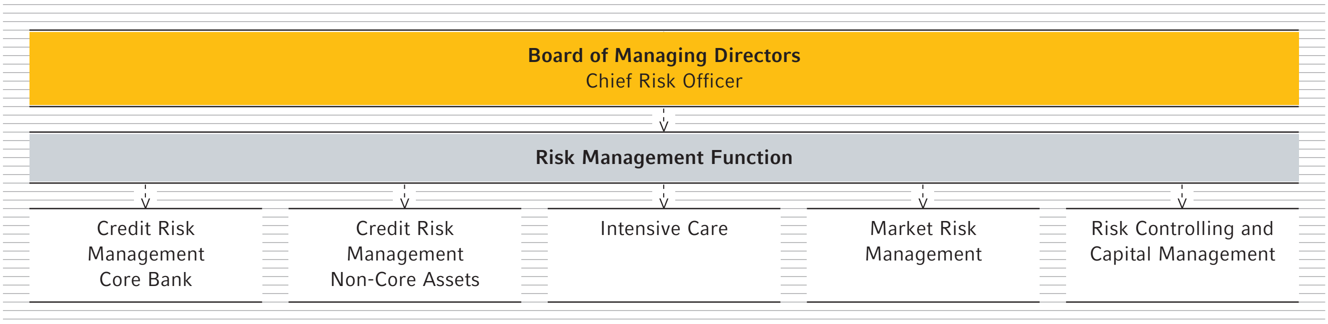
Commerzbank defines risk as the danger of possible losses or profits foregone due to internal or external factors. In risk management, we normally distinguish between quantifiable and non-quantifiable types of risk. Quantifiable risks are those to which a value can normally be attached in financial statements or in regulatory capital requirements, while non-quantifiable risks 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 defence". Each unit (segments and functions) forms the first line of defence within its framework of operative responsibility. For credit, market and liquidity risk the responsibility for the second line of defence lies with the Chief Risk Officer (CRO). The CRO is responsible for implementing the Group's risk policy guidelines laid down by the full 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 defence is located outside the risk function depending on the kind of risk. The third line of defence is comprised of the internal audit.

The CRO is responsible for risk management and regularly reports to the full 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 full Board of Managing Directors exclusively has responsibility for fundamental strategic decisions. The Board of Managing Directors has delegated 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 tasks and competencies of the respective committees are described below:

The **Group Credit Committee** is the decision-making committee for operational credit risk management, comprising two representatives each from the back office and front office. 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 full 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.

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 full 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 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 (ALCO)** 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 the Internal Capital Adequacy Assessment Process (ICAAP).

The ALCO resolves the recovery plan (resolutions of the central ALCO are presented to the Board of Managing Directors for confirmation). In case of violation of a recovery plan indicator the ALCO plays a central role regarding the escalation, the estimation of the situation and the introduction of measures.

Moreover, risk issues are dealt with in the Supervisory Board's Risk Committee and in the Risk Management Board:

The **Supervisory Board's Risk Committee** is the Bank's highest risk committee. It 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 and 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 across all risk types 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 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 in the medium and long term if the full 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 – Commerzbank ensures 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 quantifiable risk contributing to the capital demand 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 management measures are put in place where required. In addition, further qualitative and quantitative early warning indicators are established in the overall risk strategy. 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, Commerzbank provides for the identification, assessment, management, monitoring and communication of substantial risks and related risk concentrations. Therefore it is ensured 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. The Bank uses 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.

Commerzbank has adopted a code of conduct that defines binding minimum standards for Commerzbank's corporate responsibility, its dealings with customers, business partners and colleagues, and its day-to-day business. It goes without saying that the Bank complies with relevant laws, regulatory requirements, industry standards and internal rules, and this therefore forms a particularly important part of its risk culture. It demands appropriate and courageous conduct in compliance with rules, and any failure to comply with rules is penalised. Commerzbank plays its part in ensuring that the markets are competitive and fair, and is a reliable partner for the supervisory authorities. It takes a responsible approach to customer relationships and conducts its business with integrity. Commerzbank managers are expected to act as a role model by putting the code of conduct into practice and meeting compliance requirements.

The main pillar of the Bank's overall risk management and culture is the concept of "three lines of defence", which is a core element of the Corporate Charter. Under this "three lines of defence" principle, protecting against undesirable 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 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 the internal audit.

Under the provisions of the Remuneration Ordinance for Institutions (Institutsvergütungsverordnung), every year Commerzbank identifies, in a regular process, those employees whose actions have a material impact on Commerzbank's overall risk profile (risk takers). These risk takers are identified in accordance with regulatory requirements on the basis of their function within the organisation (including management level) and their function-related activities. Special regulations apply to risk takers as regards measuring their performance and the manner in which their variable remuneration is paid out.

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 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 to the greatest possible extent 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 ICAAP. The purpose is to ensure that sufficient capital is held 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 of 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 the 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. The model 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 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. Property value change risk is the risk of an unexpected fall in the value of owned property which is either already booked as an asset in the Group's balance sheet or which can be capitalized during the next twelve months by contractually assured obligations with option character (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 this risk 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 2015, the RBC ratio was consistently above 100% and stood at 193% on 31 December 2015. The RBC ratio remained stable at a high level in the course of the year.

Risk-bearing capacity Group | €bn	31.12.2015	31.12.2014
Economic risk coverage potential[1]	**30**	**28**
Economically required capital[2]	**15**	**16**
thereof for default risk	11	12
thereof for market risk	3	3
thereof for operational risk	2	2
thereof diversification effects	–2	–2
RBC ratio[3]	**193%**	**172%**

[1] Including 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).

The risk-bearing capacity and stress testing concept is subject to an annual internal review and is refined on an ongoing basis. The development of the regulatory environment is also taken into account.

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 scenario simulation is run monthly using the input parameters of the economic capital requirements calculation for all material and quantifiable risk types. 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 embedded 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 2015, the risk-weighted assets resulting from Commerzbank's business activities decreased from €215bn to €198bn. This decrease was primarily attributable to the ongoing reduction in NCA as well as to changes in supervisory requirements for RWA-backing of pension funds.

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 31.12.2015 | €bn	Default risk	Market risk	Operational risk	Total
Core Bank	**128**	**14**	**19**	**162**
Private Customers	15	1	7	23
Mittelstandsbank	65	1	3	69
Central & Eastern Europe	14	1	1	15
Corporates & Markets	20	9	5	33
Others and Consolidation	15	3	4	21
Non-Core Assets	**31**	**3**	**2**	**36**
Commercial Real Estate	7	0	2	9
Deutsche Schiffsbank	7	0	0	7
Public Finance	17	3	0	20
Group	**159**	**17**	**21**	**198**

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 and Regulation (CRD-IV) package of measures, constituting the European implementation of Basel 3, has been in force since 1 January 2014. Since then, numerous supplementary regulations have been published by the European Banking Authority (EBA) in particular, and these will now gradually enter into force in 2016 and in subsequent years. The more stringent capital requirements will be phased in by 2019. 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 debt ratio. Final calibration of the leverage ratio by the Basel Committee on Banking Supervision is intended to be completed by 2016, by 2017 at the latest, and the ratio is scheduled 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 Capital Requirements Regulation (CRR) entered into force. Commerzbank has set its own leverage ratio targets and applies them in its capital management process.

The phasing in of capital buffers is a significant feature of the Basel 3 revision. The capital conservation buffer, the buffer for other systemically relevant institutions and the anti-cyclical capital buffer, which was set initially by BaFin at 0% for German exposure, apply from 1 January 2016 onwards. BaFin has not yet set the buffer for other systemically relevant institutions until the preparation date of the risk report.

Liquidity risk is to be monitored by means of the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR). The LCR entered into force on 1 October 2015 and is binding on all European banks. The final version of the NSFR, approved by the Basel Committee in October 2014, is expected to enter into force on 1 January 2018. The NSFR's transposition into European law is pending. 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 in banks, published by the Basel Committee on Banking Supervision (BCBS) 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 early 2016. Work on implementation will continue in 2016, however, partly on the basis of the supplementary recommendations made by the BCBS in December 2015. Synergies generated by it will be used for the Group-wide project, started in 2015, to implement "AnaCredit". This is a European Central Bank (ECB) initiative under which banks will in future be required to report a host of very detailed data on customers and loans. A first, partial report is to be submitted to the Bundesbank in mid-2017. The ECB's official initial stage begins on 1 March 2018; further stages may follow two years after the respective ECB decision.

After the ECB assumed full responsibility for banking supervision on 4 November 2014 under the Single Supervisory Mechanism (SSM), Commerzbank is subject to direct ECB supervision. The ECB, in its capacity as the supervisory authority for the eurozone banks directly subject to it, conducted the Supervisory Review and Evaluation Process (SREP) in 2015 and specified individual minimum capital requirements for each bank. To further harmonise supervisory methods in the eurozone, the ECB held a consultation in November 2015 to review the national options and scope for discretion currently available in the CRD-IV package.

The EU Bank Recovery and Resolution Directive has been in force since mid-2014. It was transposed into German law in the form of the Bank Recovery and Resolution Act (Sanierungs- und Abwicklungsgesetz, SAG). Based on this law, the Financial Market Stabilisation Authority (FMSA), as the national resolution agency, took over responsibility for the drafting of resolution plans and the resolution of German banks with effect from 1 January 2015. Responsibility for the drafting of resolution plans and the resolution of at-risk banks supervised by the ECB was transferred to the Single Resolution Board (SRB) in Brussels with effect from 1 January 2016. At the same time, eurozone banks started to fund the Single Resolution Fund.

The Group-wide recovery plan came into effect on 1 January 2015 and was updated in December 2015. The recovery plan describes 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, the Bank will further develop its recovery plan accordingly.

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 have significantly grown in frequency and materiality in recent years. They may have lasting implications for 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. It also monitors and evaluates current developments as regards future regulatory projects. Specific examples of these at global level are the final standards for revising capital requirements for market risks now published by the Basel Committee on Banking Supervision and the work on finalising the rules on interest rate risks in the banking book and the standard approach to credit risks, including the associated floor rules and disclosure requirements. At European level, during 2016 Commerzbank will monitor the European Commission initiatives to introduce a European deposit insurance scheme and establish a capital markets union, and in particular the associated EU securitisation framework and the review of the EU's legal framework for financial services. Commerzbank is also monitoring the EBA's work on revising the internal ratings-based approach (IRBA).

Default risk

Default risk is defined as the risk of losses sustained or profits foregone due to the default of a counterparty. It is a quantifiable material risk and includes the material sub-risk types of credit default risk, issuer risk, counterparty risk, country and transfer risk, dilution risk and reserve risk.

Strategy and organisation

The credit risk strategy is the partial risk strategy for default risks and is derived from the overall risk strategy. It is embedded in the ICAAP process of the Commerzbank Group and forms a link between the Bank's overall risk management across all risk types and the operationalisation of default risk management. The overriding aim is to ensure the adequate structural risk quality of the credit portfolio. To this end, the credit risk strategy defines the credit risk tolerance, specifies risk strategy priorities, provides an overview of the material credit risk management concepts and thereby plays an integral part in maintaining the Group's risk-bearing capacity. The credit risk strategy makes use of quantitative and qualitative management tools that give decision-makers clear guidance on both portfolio management and decisions in specific cases. Quantitative credit risk strategy guidelines limit risks in the Core Bank portfolio with regard to poorer credit ratings and exposures with high loss-at-default contributions (concentration management). 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 the Core Bank, responsibilities are separated between the performing loan area on the one hand and Intensive Care on the other. Based hereupon, 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 front office having primary responsibility for the return, and the back office for the risk. 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 criteria for assignment or mandatory transfer. The principal reasons for assignment to Intensive Care areas are criteria relating to number of days overdrawn, together with event-related criteria such as rating, third-party enforcement measures or credit fraud. Intensive Care decides on further action based on the circumstances of individual cases. Customers must be transferred to Intensive Care if they are in default (for example due to insolvency). This graduated approach ensures that higher-risk customers can continue to be managed promptly by specialists in a manner appropriate to the risks involved and 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 reduction 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.

Risk management

Commerzbank manages default risk using a comprehensive risk management system. The management framework comprises an organisational structure, methods and models, quantitative and qualitative management tools and regulations and processes. The risk management system ensures that the entire portfolio and the sub-portfolios, 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. It still focuses on supporting growth in the Core Bank's granular lending business and on limiting risks with regard to poorer credit ratings and exposures with high loss-at-default contributions (concentration management). The Bank also continually carries out checks of its credit processes to identify possible improvement measures. The concern is not only to provide staff with ongoing training and development, but also to reinforce a uniform risk culture throughout the Group and in particular to increase compliance awareness.

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.

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 sub-portfolio level and implement appropriate measures at individual loan level. This organisation by sector ensures the effectiveness and efficiency of preventative measures and enhances 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 sufficiently flexible is another key action field in credit risk management.

Management of economic capital commitment

Economic capital commitment is managed in order to ensure that the Commerzbank Group holds sufficient capital. With this object in view, all risk types in the overall risk strategy for economic risk capital 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 (medium-term and long-term) in order to manage credit risk. For this reason, medium-term forecast values of credit risk parameters play a key role in ongoing management. At segment and business area level, changes to forecasts 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

	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 as well as credit quality steps in accordance with Article 136 CRR. 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 (full Board of Managing Directors, credit committee, credit sub-committees) are graduated amongst others by size of exposure and rating class.

Commerzbank master scale

Commerzbank AG rating	PD and EL mid-point %	PD and EL range %	S&P scale		Credit quality steps in accordance with Article 136 CRR[1]	
1.0	0	0	AAA	AAA	I	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	II	
2.0	0.11	0.08–0.13	A–			
2.2	0.17	0.13–0.21	BBB+	BBB	III	
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	IV	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	V	
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, CCC–, CC, C	CCC, CC, C	VI	
5.4	16.15	14.48–18.01				
5.6	20.09	18.01–22.41				
5.8	47.34	22.41–99.99				
6.1		>90 days past due	D			Default
6.2		Imminent insolvency				
6.3	100	Restructuring with recapitalisation				
6.4		Termination without insolvency				
6.5		Insolvency				

[1] CRR = Capital Requirements Regulation (EU) No 575/2013.

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 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 €96bn for the exposures in the performing book and €2.5bn 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 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 as well as Others and Consolidation. 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 are to be completely wound down over time.

To describe the 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 over the Core Bank and Non-Core Assets as follows:

Credit risk parameters as at 31.12.2015	Exposure at default €bn	Expected loss €m	Risk density bp	CVaR €m
Core Bank	377	912	24	8,401
Non-Core Assets	61	608	100	2,497
Group	**437**	**1,520**	**35**	**10,898**

When broken down on the basis of PD ratings, 80% of the Group's portfolio is in the internal rating classes 1 and 2, which comprise investment grade.

Rating breakdown as at 31.12.2015 EaD | %	1,0 –1,8	2,0 –2,8	3,0 –3,8	4,0 –4,8	5,0 –5,8
Core Bank	30	52	14	3	1
Non-Core Assets	30	41	17	6	6
Group	**30**	**50**	**14**	**3**	**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 on the basis of defined credit risk and transfer risk limits 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 31.12.2015	Exposure at default €bn	Expected loss €m	Risk density bp
Germany	218	439	20
Western Europe	104	357	34
Central and Eastern Europe	40	190	48
North America	32	35	11
Asia	24	50	21
Other	20	451	220
Group	**437**	**1,520**	**35**

Around half of the Bank's exposure relates to Germany, another third to other countries in Europe and 7% 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. 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.

In view of current geopolitical developments, countries such as Russia, Ukraine and China are monitored closely. In the course of the year, the exposure in Russia was reduced from €5.7bn to €3.8bn. The Ukraine exposure was €0.1bn. The exposure in China as at 31 December 2015 was €5.5bn.

As a consequence of the sovereign debt crisis, the sovereign exposures of Italy and Spain are still being monitored closely, too. Italy's sovereign exposure was reduced by €1.9bn to €7.4bn over the year, while Spain's was reduced by €0.3bn to €4.5bn.

Loan loss provisions The loan loss provisions relating to the Group's credit business in 2015 amounted to €696m. This figure includes a one-off discharge of €26m net arising from the regular annual update of risk parameters. Loan loss provisions fell by €448m, a decrease of more than one-third on the previous year's level.

As regards Group loan loss provisions, in the non-strategic subportfolios we expect further charges for ship financing. We still do not see any prospect of a general improvement in the environment here, with conditions very tough in some parts of the market. In the operating core segments, we expect significantly lower net releases of provisions. We therefore expect higher loan loss provisions in this area than in 2015. In turn, we expect Group loan loss provisions to rise moderately overall, but to remain at a very low level by historical standards.

However, in the event of a huge, unexpected deterioration in geopolitical or economic conditions, or in the case of defaults of huge individual customers, significantly higher loan loss provisions may become necessary.

Loan loss provisions | €m	2015	2014
Core Bank	330	490
Non-Core Assets	366	654
Group	**696**	**1,144**

Default portfolio The default portfolio stood at €7.1bn as at the end of 2015, representing a significant decrease of €4.7bn compared with the previous year. This reduction was largely due to successful restructuring measures in the NCA segment.

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

	31.12.2015			31.12.2014		
Default portfolio category LaR | €m	**Group**	**Core Bank**	**NCA**	**Group**	**Core Bank**	**NCA**
Default volume	7,124	4,854	2,270	11,843	5,610	6,233
Loan loss provisions	3,371	2,618	753	5,145	2,950	2,196
GLLP	800	514	285	822	513	309
Collaterals	2,556	1,136	1,420	5,526	1,454	4,072
Coverage ratio excluding GLLP (%)[1]	83	77	96	90	79	101
Coverage ratio including GLLP (%)[1]	94	88	108	97	88	105
NPL ratio (%)[2]	1.6	1.3	3.6	2.7	1.6	7.4

[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 31.12.2015 | €m	6.1	6.2/6.3	6.4/6.5	Group
Default volume	718	3,361	3,045	7,124
Loan loss provisions	155	1,617	1,599	3,371
Collaterals	364	1,222	969	2,556
Coverage ratio excl. GLLP (%)	72	84	84	83

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 2015.

EaD €m	> 0 ≤ 30 days	> 30 ≤ 60 days	> 60 ≤ 90 days	> 90 days	Total
Core Bank	3,532	191	41	5	3,768
Non-Core Assets	519	127	80	0	726
Group	**4,051**	**317**	**121**	**5**	**4,494**

After the sale of the Hanseatic Ship Asset Management GmbH in the second half of 2015 there existed no longer any assets in owner-operated ships (31 December 2014: €232m). Due to the concrete intention to sell, the foreclosed assets of Hypothekenbank Frankfurt were reclassified to assets held for sale.

Core Bank

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

Credit risk parameters The Core Bank's exposure in the rating classes 1.0 to 5.8 rose to €377bn as at 31 December 2015 (31 December 2014: €355bn); risk density decreased from 27 to 24 basis points.

Credit risk parameters as at 31.12.2015	Exposure at default €bn	Expected loss €m	Risk density bp	CVaR €m
Private Customers	101	159	16	1,078
Mittelstandsbank	140	364	26	4,096
Central & Eastern Europe	29	136	48	713
Corporates & Markets	60	214	36	1,792
Others and Consolidation[1]	48	40	8	722
Core Bank	**377**	**912**	**24**	**8,401**

[1] Mainly Treasury positions.

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

Rating breakdown as at 31.12.2015 EaD | %	1.0–1.8	2.0–2.8	3.0–3.8	4.0–4.8	5.0–5.8
Private Customers	37	50	9	2	1
Mittelstandsbank	12	61	20	5	1
Central & Eastern Europe	6	60	26	6	2
Corporates & Markets	42	45	9	2	2
Core Bank[1]	**30**	**52**	**14**	**3**	**1**

[1] Including Others and Consolidation.

Loan loss provisions Loan loss provisions in the Core Bank amounted to €330m in 2015. The charge was therefore much lower than in the previous year, falling by €160m.

Loan loss provisions | €m	2015	2014
Private Customers	14	79
Mittelstandsbank	192	342
Central & Eastern Europe	97	123
Corporates & Markets	–36	–55
Others and Consolidation	63	1
Core Bank	**330**	**490**

Default portfolio The Core Bank's default portfolio was reduced further compared with 31 December 2014, down by €757m. The Core Bank benefited in this respect from outflows due to successful restructurings and repayments, especially in Corporates & Markets and Mittelstandsbank.

Default portfolio Core Bank | €m	31.12.2015	31.12.2014
Default volume	4,854	5,610
Loan loss provisions	2,618	2,950
GLLP	514	513
Collaterals	1,136	1,454
Coverage ratio excluding GLLP (%)	77	79
Coverage ratio including GLLP (%)	88	88
NPL ratio (%)	1.3	1.6

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 the end of December 2015:

EaD €m	> 0 ≤ 30 days	> 30 ≤ 60 days	> 60 ≤ 90 days	> 90 days	Total
Private Customers	357	61	26	0	444
Mittelstandsbank	2,695	104	9	0	2,808
Central & Eastern Europe	229	26	6	4	265
Corporates & Markets	251	0	0	0	251
Core Bank[1]	**3,532**	**191**	**41**	**5**	**3,768**

[1]Including Others and Consolidation.

Private Customers

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

The risks in private customer business depend mainly on the economic environment as well as trends in unemployment levels and in 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 31.12.2015	Exposure at default €bn	Expected loss €m	Risk density bp
Residential mortgage loans	57	71	13
Investment properties	5	4	10
Individual loans	14	32	23
Consumer and instalment loans/credit cards	10	22	22
Domestic subsidiaries	4	9	24
Foreign subsidiaries and other	12	20	17
Private Customers	**101**	**159**	**16**

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 €61bn). We provide our business customers with credit in the form of individual loans with a volume of €14bn. 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).

The fourth quarter saw continued growth in the private customer business, particularly in residential mortgage loans. With regard to the sharp increase in the EaD, the first-time consideration of secondary liability in respect of pension schemes, which on its own resulted in an increase of €4bn, must also be taken into account. Risk density was reduced from 21 basis points as at year-end 2014 to 16 basis points. This reduction was due to an enhanced portfolio quality and parameter updates within the scope of the annual validation.

As a result of these parameter updates, a lower loan loss provision for new defaults as well as high releases, loan loss provisions for Private Customer business fell by €65m to €14m compared to the previous year and were therefore at a very low level.

The default portfolio in the segment was reduced by €161m compared with 31 December 2014.

Default portfolio Private Customers | €m	31.12.2015	31.12.2014
Default volume	593	754
Loan loss provisions	185	258
GLLP	89	113
Collaterals	287	361
Coverage ratio excluding GLLP (%)	80	82
Coverage ratio including GLLP (%)	95	97
NPL ratio (%)	0.6	0.8

Default portfolio Mittelstandsbank | €m	31.12.2015	31.12.2014
Default volume	2,354	2,583
Loan loss provisions	1,224	1,429
GLLP	284	276
Collaterals	415	441
Coverage ratio excluding GLLP (%)	70	72
Coverage ratio including GLLP (%)	82	83
NPL ratio (%)	1.7	1.9

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, and 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. We analyse the future viability of the company's business model, its strategic direction and its creditworthiness.

Credit risk parameters as at 31.12.2015	Exposure at default €bn	Expected loss €m	Risk density bp
Corporates Domestic	91	232	25
Corporates International	23	39	17
Financial Institutions	25	93	37
Mittelstandsbank	**140**	**364**	**26**

The EaD of Mittelstandsbank increased from €134bn as at the end of December 2014 to €140bn as at the end of December 2015. The economic environment in Germany remains stable. Risk density in the area Corporates Domestic was 25 basis points as at 31 December 2015.

In Corporates International, EaD as at 31 December 2015 was €23bn, while risk density was 17 basis points.

For details of developments in the Financial Institutions portfolio please see page 56.

Loan loss provisions in Mittelstandsbank were €192m and therefore much lower than the previous year's figure of €342m. The reduction was largely attributable to smaller loan loss provisions for new defaults and high releases.

Mittelstandsbank's default portfolio has been reduced by a total of €229m since 31 December 2014.

Central & Eastern Europe

The Central & Eastern Europe segment contains the Group's universal banking and direct banking activities in Central and Eastern Europe. The segment is represented by mBank. 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 is on organic growth in Polish small and medium-sized businesses and private customer business in mBank's core markets.

Credit risk parameters as at 31.12.2015	Exposure at default €bn	Expected loss €m	Risk density bp
Central & Eastern Europe	**29**	**136**	**48**

The EaD of the Central & Eastern Europe segment has slightly increased compared with the previous year from €26bn to €29bn as at 31 December 2015. Risk density in this area was 48 basis points as at 31 December 2015. The Swiss franc exposure was approximately €5bn. These are mainly mortgage-secured engagements with private customers.

The Central & Eastern Europe segment's loan loss provisions fell by €26m to €97m.

The default volume decreased by €89m compared with 31 December 2014.

Default portfolio Central & Eastern Europe | €m	31.12.2015	31.12.2014
Default volume	1,123	1,212
Loan loss provisions	643	604
GLLP	67	67
Collaterals	393	649
Coverage ratio excluding GLLP (%)	92	103
Coverage ratio including GLLP (%)	98	109
NPL ratio (%)	3.8	4.5

Corporates & Markets

This segment comprises the Group's business with multinationals, institutional customers and selected large corporate customers (Corporates) and its customer-driven capital market activities (Markets).

The regional focus of our activities is on Germany and Western Europe, which account for 69% of the exposure. North America accounted for around 17% of the exposure as at the end of December 2015. Overall, EaD as at the end of December 2015 remained stable with €60bn compared to the figure as at the end of December 2014. The increase of risk density was due to a few individual cases.

Credit risk parameters as at 31.12.2015	Exposure at default €bn	Expected loss €m	Risk density bp
Germany	17	58	35
Western Europe	24	108	44
Central and Eastern Europe	1	4	26
North America	10	13	13
Asia	3	6	19
Other	4	24	60
Corporates & Markets	**60**	**214**	**36**

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 and 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 at both 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 concentrate on supporting highly flexible business. The strategy of Corporates & Markets with large corporate customers in these critical countries remains unchanged.

While new investments in the Structured Credit area stood at €1.2bn at the end of 2014, in the period to the end of 2015 the volume increased by a further €1.4bn to a total of €2.6bn. In general, we prefer to invest in bonds of senior tranches of securitisation transactions in the consumer (auto) ABS, UK RMBS and CLO asset classes, which show a robust structure and a moderate risk profile.

The overall structured credit portfolio was down year-on-year to €5.9bn as at December 2015 (€7.7bn as at December 2014). At the same time, risk values[1] were down compared with year-end 2014 (€2.4bn) to stand at €1.7bn. A large part of the portfolio was made up of CDOs securitising corporate loans in the USA and Europe (CLOs) and of other structured credit positions made up of total return swap positions.

Loan loss provisions in the Corporates & Markets segment are strongly influenced by movements in individual exposures. In 2015, the segment once again benefited from successful restructuring measures that resulted in the net release of €36m in loan loss provisions.

The default portfolio in the Corporates & Markets segment was run down significantly by €290m year-on-year in 2015. This reduction is attributable to successful restructurings and repayments.

Default portfolio Corporates & Markets | €m	31.12.2015	31.12.2014
Default volume	682	972
Loan loss provisions	464	625
GLLP	76	56
Collaterals	40	3
Coverage ratio excluding GLLP (%)	74	65
Coverage ratio including GLLP (%)	85	70
NPL ratio (%)	1.1	1.6

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 the portfolios in these areas should be completely wound down over time.

The exposure at default of the segment's performing loan book totalled €61bn at the end of 2015, which is €17bn less than the comparative figure for the NCA portfolio at the end of 2014.

Credit risk parameters as at 31.12.2015	Exposure at Default €bn	Expected loss €m	Risk density bp	CVaR €m
Commercial Real Estate	9	100	109	
Deutsche Schiffsbank	7	409	563	
Public Finance	44	99	22	
Non-Core Assets	**61**	**608**	**100**	**2,497**

[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.

Loan loss provisions in the Non-Core Assets segment stood at €366m, representing a substantial reduction of €288m compared with the previous year.

Loan loss provisions I €m	2015	2014
Commercial Real Estate	57	73
Deutsche Schiffsbank	311	588
Public Finance	−2	−7
Non-Core Assets	**366**	**654**

The default volume fell sharply in the reporting period, down €4bn. This decline was mainly attributable to portfolio transactions, the sale of assets and repayments actively enforced by the Bank.

Default portfolio NCA category LaR | €m	31.12.2015	31.12.2014
Default volume	2,270	6,233
Loan loss provisions	753	2,196
GLLP	285	309
Collaterals	1,420	4,072
Coverage ratio excluding GLLP (%)	96	101
Coverage ratio including GLLP (%)	108	105
NPL ratio (%)	3.6	7.4

Commercial Real Estate

Considerable reductions were again achieved in 2015, in part through the systematic exploitation of market opportunities for transactions at Hypothekenbank Frankfurt AG. The EaD decreased by €7bn to €9bn. This reduction is attributable in particular to the sale of two commercial real estate portfolios. One of the portfolios in question was European, the other German. The German portfolio consisted mainly of non-performing loans. Due to the reduction in 2015, the risk profile was improved and the complexity and the risk content of the CRE portfolio were further reduced significantly.

The CRE investment markets continue to benefit from the environment of extremely low interest rates and the associated high demand for comparatively high-yield real estate. The underlying economic trend remains restrained, however, meaning that the sluggish recovery on the CRE rental markets is likely to continue.

The aim of Commerzbank is still to continue the value-preserving reduction strategy, with a focus on reducing the higher-risk sub-portfolios.

CRE portfolio by region EaD | €bn	31.12.2015	31.12.2014
Germany	6	10
Western Europe	3	4
Central and Eastern Europe	1	2
North America	0	0
Asia	0	0
Other	0	0
Commercial Real Estate	**9**	**17**

Loan loss provisions in the Group's Commercial Real Estate division were down year-on-year in 2015, falling by €16m to the low level of €57m.

The default portfolio for Commercial Real Estate was run down by €2.2bn to €1.1bn compared with 31 December 2014. This decline was predominantly attributable to repayments actively enforced by the Bank and sales.

Default portfolio CRE | €m	31.12.2015	31.12.2014
Default volume	1,102	3,335
Loan loss provisions	213	900
GLLP	58	80
Collaterals	816	2,523
Coverage ratio excluding GLLP (%)	93	103
Coverage ratio including GLLP (%)	99	105
NPL ratio (%)	10.7	16.7

Deutsche Schiffsbank

Compared with 31 December 2014, exposure to ship finance in the performing loan book was reduced from €9.2bn to €7.3bn in line with our reduction strategy. It was also possible to more than offset opposing effects caused by the appreciation of the US dollar against the euro, even though most of the portfolio is denominated in US dollar.

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

In the course of 2015, the tanker markets were stronger as a result of high crude oil production. Starting in the second half of the year, and especially in the last two months, the markets for container ships experienced substantial falls in rates across all ship sizes. This trend was driven by the weakness in global trading activity and the oversupply of ships. The markets for post-Panamax ships came under pressure due to the increase in deliveries of very large container ships. The markets for bulkers continued to suffer from overcapacity and – after temporary slight improvements – also recorded significant declines in terms of both charter rates and ship values in the last two months of the year. This was attributable in particular to the performance of the Chinese economy.

We do not expect a lasting market recovery across all asset classes in the short term. In line with our value-preserving reduction strategy we are continuing to steadily reduce risks in our existing portfolio.

Loan loss provisions in the Deutsche Schiffsbank division stood at €311m in 2015. Overall, loan loss provisions in 2015 were by 50% lower than in the previous year.

The default portfolio was significantly reduced by €1.7bn in the year under review, which was due to successful restructuring measures.

	31.12.2015				31.12.2014
Default portfolio DSB by ship type | €m	Total	Container	Tanker	Bulker	Total
Default volume	1,160	434	163	233	2,893
Loan loss provisions	540	218	32	92	1,296
GLLP	224	119	10	53	224
Collaterals	604	199	118	118	1,549
Coverage ratio excluding GLLP (%)	99	96	92	90	98
Coverage ratio including GLLP (%)	118	124	98	113	106
NPL ratio (%)	13.8	13.4	8.3	12.6	24.0

Public Finance

In its NCA segment, Commerzbank brings together a substantial 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 are held in our subsidiaries Hypothekenbank Frankfurt and Erste Europäische Pfandbrief- und Kommunalkreditbank, among others. Management of the NCA Public Finance portfolio is divided between Corporates & Markets and Group Treasury.

The borrowers in the Public Finance portfolio in NCA (€38bn EaD) are sovereigns, federal states, regions, cities and local authorities as well as supranational institutions. The core area of the exposure is in Western Europe.

The remaining Public Finance portfolio in NCA is accounted for by banks (€6bn EaD), with the focus likewise on 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 with good credit ratings, such as hospitals and water utilities. In addition, the PFI portfolio is secured by monoliner guarantees, and in accordance with the NCA strategy is set to be wound down over time in a value-preserving manner.

As a result of sales and repayments as well as transfers to Group Treasury, the Public Finance portfolio in NCA was further run down by a total of €8bn in 2015.

Outside NCA, Commerzbank holds Public Finance exposures primarily for liquidity management purposes. These exposures are reported in Others and Consolidation and looked after by Group Treasury.

Loan loss provisions in Public Finance were marginally higher year-on-year at €–2m. Write-downs on securities are generally not recognised in loan loss provisions but in net investment income.

The Public Finance default portfolio, at €8m, 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

Against the background of the current developments in the commodity markets, the current focus is particularly on the sectors "energy supply/waste management" and "basic materials/metals".

The exposure in the "energy supply/waste management" sector contains to a large portion internationally active energy suppliers, mainly electricity supply. The remaining portfolio consists of recycling as well as gas and water supply.

The exposure in the sector “basic materials/metals” consists to a large portion of “metal production and production of metal products”. The remaining portfolio is spread over the industries of “coal/stone/ore” and “crude oil and natural gas exploitation and processing”.

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

	31.12.2015			31.12.2014		
Corporates portfolio by sector	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp
Energy supply/Waste management	18	75	41	17	74	44
Consumption	15	53	37	12	37	31
Transport/Tourism	14	28	20	13	26	21
Wholesale	12	44	38	11	49	43
Basic materials/Metals	11	36	32	11	42	39
Technology/Electrical industry	11	27	25	9	26	28
Services/Media	10	77	79	9	35	39
Mechanical engineering	10	29	31	9	26	28
Automotive	9	22	23	8	29	36
Chemicals/Plastics	9	38	42	9	54	63
Pharma/Healthcare	5	15	28	4	10	23
Construction	5	19	35	5	47	100
Other	11	28	25	10	30	29
Total	**140**	**492**	**35**	**127**	**487**	**38**

Financial Institutions portfolio

The focus in the Core Bank remains on the trade finance activities that we carry out on behalf of our corporate customers in Mittelstandsbank and on capital market activities in Corporates & Markets. Public finance portfolios are being further reduced. We are keeping a close watch on the introduction of rules on resolutions for banks in developed markets and on their impact. In many emerging markets, the outlook is gloomy given the weaker economic growth and now rising interest rates in the US. We are responding with flexible portfolio management that is tailored to the individual situation of each country.

	31.12.2015			31.12.2014		
FI portfolio by region	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp
Germany	5	6	12	11	6	5
Western Europe	20	46	23	26	54	21
Central and Eastern Europe	5	23	48	9	31	35
North America	2	3	17	2	2	9
Asia	13	36	28	13	37	29
Other	8	32	43	8	34	43
Total	**52**	**146**	**28**	**69**	**165**	**24**

Non-Bank Financial Institutions portfolio

The Non-Bank Financial Institutions (NBFI) portfolio comprises mainly diversified insurance companies, asset managers, regulated funds and central counterparties. Business activities are focused on Germany, Western Europe and the United States. We carry out new business in the interests of our institutional customers, with a focus on attractive opportunities with customers with good credit ratings. We manage our portfolios with the aim of ensuring their high quality and responsiveness.

The increase of the EaD in Germany results from the first-time consideration of secondary liability in respect of pension schemes.

NBFI portfolio by region	31.12.2015			31.12.2014		
	Exposure at default €bn	Expected loss €m	Risk density bp	Exposure at default €bn	Expected loss €m	Risk density bp
Germany	16	23	14	8	18	22
Western Europe	15	48	33	17	32	19
Central and Eastern Europe	1	3	58	1	6	88
North America	8	5	6	8	5	6
Asia	1	2	16	1	1	11
Other	2	1	8	1	3	21
Total	**43**	**83**	**19**	**37**	**65**	**18**

Originator positions

Commerzbank and Hypothekenbank Frankfurt have in recent years securitised receivables from loans to the Bank's customers with a current volume of €4.2bn, primarily for capital management purposes. The fourth quarter of 2015 saw Commerzbank embark on two new transactions. The CoCo Finance II-2 securitisation, with a volume of €3bn, was underpinned mainly by claims on German major customers. The CoSMO Finance III-1 securitisation, with a volume of €1bn, was underpinned mainly by claims on small and medium-sized German businesses. In addition, the CoSMO Finance II-2 transaction in the Corporates asset class, with a volume of €2bn, was paid back according to contract.

As at the reporting date 31 December 2015, risk exposures with a value of €3.8bn were retained. By far the largest portion of these positions is accounted for by €3.7bn of senior tranches, which are nearly all rated good or very good.

Securitisation pool €bn	Maturity	Commerzbank volume[1] Senior	Mezzanine	First loss piece	Total volume[1] 31.12.2015	Total volume[1] 31.12.2014
Corporates	2025 – 2036	3.7	<0.1	<0.1	4.1	4.1
RMBS	2048	0.0	0.0	0.0	0.1	< 0.1
CMBS	2046	0.0	0.0	0.0	<0.1	1.0
Gesamt		**3.7**	**<0.1**	**<0.1**	**4.2**	**5.1**

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

Conduit exposure and other 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, in particular 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 2015, and as at 31 December 2015 stood at €3.2bn.

Liquidity risks from ABS transactions are modelled conservatively in the internal liquidity risk model. Firstly, a worst case assumption is made that Commerzbank has to take on the funding of 89% of the purchase facilities provided to its special purpose vehicles within the scope of the Silver Tower conduit. Secondly, the Bank's holdings of securitisation transactions only qualify as liquid assets if they are eligible for rediscount at the European Central Bank. These positions are only included in the liquidity risk calculation after applying conservative discounts.

The other asset-backed exposures mainly comprise government-guaranteed ABSs issued by Erste Europäische Pfandbrief- und Kommunalkreditbank and Hypothekenbank Frankfurt, which is being fully downsized, in the Public Finance area, along with trading book positions of Commerzbank AG in Germany.

The volume of €4.7bn (December 2014: €4.7bn) and the risk values of €4.6bn (December 2014: €4.5bn) were almost unchanged year-on-year.

Forbearance portfolio

In October 2013 the European Banking Authority (EBA) introduced a new definition of "forbearance" with the publication of an Implementing Technical Standard (ITS). The 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 that the bank would not have agreed to under different circumstances. This definition applies irrespective of whether the debtor is in the performing or the non-performing book. Examples of concessions include deferrals, increases in limits or loans and waivers in connection with restructuring.

The forbearance portfolio is already completely included in the previous representations of the performing book and the default portfolio.

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

Forbearance portfolio by segment as at 31.12.2015	Forborne exposure €m	Loan loss allowance €m	Coverage ratio %
Private Customers	590	15	3
Mittelstandsbank	2,382	426	18
Central & Eastern Europe	518	154	30
Corporates & Markets	963	242	25
Non-Core Assets	3,798	595	16
Group	**8,250**	**1,433**	**17**

The forbearance portfolio by region is as follows:

Forbearance portfolio by region as at 31.12.2015	Forborne exposure €m	Loan loss allowance €m	Coverage ratio %
Germany	4,889	676	14
Western Europe	2,099	410	20
Central and Eastern Europe	674	209	31
North America	29	4	14
Asia	62	17	27
Other	497	116	23
Group	**8,250**	**1,433**	**17**

In addition to the loan loss provisions in the amount of €1,433m, the risks of the forbearance portfolio are covered by collateral in the amount of €2,090m.

Market risk

Market risk is the risk of potential 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, for example in the case of trading book positions. However, for banking book positions they are 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 the 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 Group Treasury areas, 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 (historical simulation) 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 a confidence level of 99% are used for regulatory capital adequacy purposes. These assumptions meet the requirements of the Basel Committee and other international standards on the management of market risk. 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 a consistent presentation of the risk parameters in this report, all figures relating to the 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 (including currency and commodity risks in the banking book in accordance with regulatory requirements).

The VaR for the overall book increased by €20m to €118m. The VaR for the trading book also increased significantly in 2015. This increase is largely attributable to higher volatility on the markets. This was itself triggered by market events such as the crisis in Greece, strong interest rate movements implied by the monetary policy, worries about Chinese growth and the sharp fall in the price of oil. An in the course of the year decreased Stressed VaR (assessment of actual positioning with firmly defined market data of a crisis period) shows that position changes have the effect of reducing the risk and market movements are the main driver for the increase in the VaR.

VaR contribution[1] | €m	31.12.2015	31.12.2014
Overall book	**118**	**98**
thereof trading book	29	16

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

Trading book

The VaR rose from €16m to €29m over the year. The average for the year was at €25m also higher than the previous year's figure of €15m.

VaR of portfolios in the trading book[1] | €m	2015	2014
Minimum	17	11
Mean	25	15
Maximum	39	37
VaR at end of reporting period	**29**	**16**

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

The market risk profile is diversified across all asset classes. The dominant asset class is foreign exchange risks, followed by credit spread risks, interest rate risks and equity price risks. To a lesser extent, value at risk is also affected by commodity and inflation 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 2015 shows a marked increase in foreign exchange risks. Credit spread risks, interest rate risks and equity price risks rose slightly in 2015. Commodity risks remained stable on a low level.

VaR contribution by risk type in the trading book[1] | €m	31.12.2015	31.12.2014
Credit spreads	6	5
Interest rates	4	3
Equities	4	2
FX	14	5
Commodities	1	1
Total	**29**	**16**

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

Further risk ratios are calculated for regulatory capital adequacy. This includes in particular the calculation of the stressed VaR. On the basis of the VaR method described above, the stressed VaR evaluates the present position in the trading book by reference to market movements from a specified crisis period in the past. The stressed VaR on the reporting date was €27m, representing a decrease of €10m compared with year-end 2014, attributable mainly to position changes in the Treasury. The specified crisis observation period 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, exactly the same positions in the income statement are used as were used for calculating the VaR. This means 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 loss actually calculated 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 2015, we saw three negative clean P&L outliers. There were no dirty P&L outliers during the same period. 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. 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 2015, 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. In 2015, 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.

In market risk management credit spread sensitivities in the banking and trading books are considered together. Credit spread sensitivities (downshift of 1 basis point) for all securities and derivative positions (excluding loans) fell over the year from €63m at year-end 2014 to €54m. This was caused by the rise in interest rates and widening of credit spreads over the year, which pushed down market values in the bond portfolio and thus made credit spreads less sensitive.

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.

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 €1,784m, and the shift of –200 basis points a potential gain of €1,141m as at 31 December 2015. 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 foreign exchange risk also need to be taken into consideration. Diversification effects between individual risks reduce the 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 measuring economic capital adequacy, Commerzbank also takes account of market liquidity risk. This is 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 portfolios to be classified in terms of their convertibility into cash using a so-called market liquidity factor. The market liquidity factor takes into account the heightened volatility of portfolio value resulting from the extended holding period for risk positions in line with the portfolio's downsizing profile. The market risk of every portfolio is then evaluated based on a one-year view and weighted with the market liquidity factor.

As at the end of 2015, Commerzbank had earmarked €0.2bn in economic capital to cover market liquidity risk in the trading and banking book. Asset-backed securities and structured products in particular had a 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 defines a clear allocation of responsibilities for the processes to be followed in emergency situations and gives details of any action that may need to be taken.

Quantification and stress testing

The setting of liquidity risk modelling parameters taking regulatory requirements into account and the adjustment of limits are described in Commerzbank's liquidity risk framework. The combination of modelling and limits provides the basis for quantifying 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 and follows a multilevel 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.

Based on the methodology of the liquidity gap profile, management mechanisms such as recovery and early warning indicators are being limited and monitored accordingly. The liquidity gap profile is limited for all maturity bands up to 30 years, whereat the daily controls focus on the short-term maturity bands up to 1 year. The Group limits are broken down into individual currencies and Group units.

In 2015, Commerzbank's internal as "recovery indicators" defined liquidity risk ratios, including the regulatory liquidity coverage ratio (LCR), were at all times within the limits 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 1.55.

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. In order to ensure that it functions as a buffer in stress situations, the liquidity reserve portfolio is maintained and monitored separately by the Treasury. 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 entire reserve period stipulated by the Board of Managing Directors.

Based on its internal liquidity model, which uses conservative assumptions, at the end of the reporting period the Bank had available excess liquidity of up to €82.4bn in the maturity band for up to one day. Of this, €44.4bn was held in a separate liquidity reserve portfolio managed by Group Treasury to cover liquidity outflows should a stress event occur and to ensure solvency at all times. When simulating the existing exposures under the current model assumptions, a liquidity shortage would only occur after more than four years, whereas the limitation of the internal model would already allow for a term transformation position in the maturity band of over one year.

In addition, the Bank operates an intraday liquidity reserve portfolio in the amount of €9.7bn as at the reporting date.

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 stress scenarios.

The LCR was adopted by the European Union as part of the "delegated act" on 17 January 2015 and became binding on all European banks with effect from 1 October 2015. The LCR is calculated as the ratio of liquid assets to net liquidity outflows under stressed conditions. It is used to measure whether a bank has a large enough liquidity buffer to independently withstand any potential imbalance between inflows and outflows of liquidity under stressed conditions over a period of 30 calendar days. Following an introductory period, a minimum ratio of 100% must be complied with from 1 January 2018 onwards. Until then, the ratio will be 60% from October 2015, 70% in 2016 and 80% in 2017.

Commerzbank significantly exceeded the stipulated minimum ratio on every reporting date in 2015, meaning that its LCR remains comfortably in excess of minimum statutory requirements.

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. Given its heightened economic significance, compliance risk is managed as a separate risk type by Commerzbank's compliance function. In line with the CRR, however, losses from compliance risks are still incorporated into the model for determining regulatory and economic capital for operational 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 or 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 the 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 full Board of Managing Directors after it has been discussed and voted upon in the Group OpRisk Committee. The OpRisk strategy describes the risk profile, key elements of the desired risk culture, its management framework and measures to be taken by Commerzbank 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.

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. This means 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 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 €21.4bn at the end of 2015 (31 December 2014: €21.6bn), while economically required capital was €1.8bn (31 December 2014: €1.8bn).

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

	31.12.2015		31.12.2014	
€bn	RWA	ErC	RWA	ErC
Private Customers	6.8	0.6	9.0	0.8
Mittelstandsbank	3.1	0.2	3.3	0.3
Central & Eastern Europe	0.8	0.1	0.4	0.0
Corporates & Markets	4.7	0.4	4.7	0.4
Non-Core Assets	2.2	0.2	1.3	0.1
Others and Consolidation	3.9	0.3	2.9	0.2
Group	**21.4**	**1.8**	**21.6**	**1.8**

OpRisk management includes an annual evaluation of the Bank's ICS and a risk scenario assessment. 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.

The total charge at the end of the year 2015 for OpRisk events was €130m (full year 2014: €882m). The events were dominated by losses in the categories "Products and business practices" and "Process related".

OpRisk events[1] | €m	31.12.2015	31.12.2014
Internal fraud	1	1
External fraud	–1	19
Damages and IT failure	9	1
Products and business practices	90	830
Process related	45	31
HR related	–14	0
Group	**130**	**882**

[1] Losses incurred and provisions, less OpRisk-based income and repayments.

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 full 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 the CRR, legal risk falls within the definition of operational risk. It primarily arises for the 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 functional management of legal risk throughout the Group is the responsibility of Group Legal.

All legal staff at the various Group Legal locations including the foreign branches as well as the legal staff of the legal departments of the domestic and foreign subsidiaries are as legal risk managers operationally responsible for the identification and management of the Group-wide legal risk within Commerzbank.

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 and supervisory board, the Banking Supervision and the OpRisk Committee.

Current developments Commerzbank 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, entitlements to occupational pensions, allegedly false accounting and incorrect financial statements, enforcement of claims due to tax issues, allegedly incorrect prospectuses in connection with underwriting transactions, and cases brought by shareholders and other investors as well as investigations by US authorities. 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. Supervisory and other authorities in various countries in which Commerzbank Aktiengesellschaft and its subsidiaries were or still are active have for some years been investigating manipulations and other irregularities in connection with the fixing of exchange rates and with foreign exchange business in general. In the course of these investigations, authorities have also sought checks on Commerzbank Aktiengesellschaft or have approached the company with requests for information. Commerzbank Aktiengesellschaft is cooperating fully with the bodies conducting the ongoing investigations and has for some time also been carrying out its own; to date, action under employment law has been taken against one employee of a subsidiary company.

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 liabilities are likely to result from them and the amounts to which the Group 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 cash flow in a specified reporting period; in the worst case it cannot be fully ruled out that the liabilities that might result from them may also have a significant impact on Commerzbank's earnings performance, assets and financial position.

In mid-March 2015, Commerzbank reached agreement in settlement negotiations with various US authorities regarding violations of US sanctions and anti-money laundering provisions. Commerzbank has been cooperating with the US authorities and the local authorities in New York for several years and has provided them with extensive documentation and results of various internal investigations.

In connection with the settlement with the US authorities, Commerzbank has undertaken to implement additional measures to improve compliance-relevant processes. The settlement also includes a three-year period of good conduct.

Over the past few years, the Bank has already improved its compliance-relevant processes and has implemented further measures in line with the settlement now reached with the US authorities. The Bank-wide compliance programme "Achieving a Robust Compliance Framework" was also initiated. This programme focuses on additional measures for the prevention of money laundering and compliance with sanctions requirements, such as the optimisation of monitoring and scoring processes and systems, promotion of a lasting culture of compliance in the Commerzbank Group, development and implementation of education and training plans, and the revision of internal guidelines to improve comprehensibility.

In February 2015, the Cologne public prosecutor's office searched Commerzbank's premises in Frankfurt am Main based on a search warrant issued by the Cologne District Court. The search was carried out as part of an investigation into seven employees of Commerzbank International S.A. Luxembourg (CISAL), a subsidiary of Commerzbank, in connection with allegations that these employees and unknown employees of Commerzbank had helped customers evade tax and acted as accessories to tax evasion. The investigation into Commerzbank was discontinued in December 2015 due to insufficient grounds for suspicion. The investigation into CISAL ended with the imposition of a fine on 4 December 2015, the proceedings against the employees were discontinued on payment of a fine or due to insufficient grounds for suspicion.

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. Reputational risk therefore goes hand in hand with communication risk.

Strategy and organisation All employees and managers have a fundamental duty to protect and reinforce Commerzbank's good reputation as a material element of its enterprise value. 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 the Commerzbank Group and focuses on intrinsic reputational risk that may directly lead to reputational damage for stakeholder groups. As such, the management of intrinsic reputational risk is the responsibility of the Chairman of the Board of Managing Directors and close links are maintained for this purpose 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 armaments exports and transactions, 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 and the quarterly report on major reputational risks prepared for the CFO and the relevant segment boards.

Compliance risk

The success of the Commerzbank Group is critically dependent on the trust of its customers, shareholders, business partners, employees and the public with respect to the Group's competitiveness and integrity. This trust is based on the implementation of and adherence to the relevant legal regulations and provisions, regulatory requirements, market standards and codes of conduct (compliance) that the Bank must observe in its Group-wide activities. The risk that may arise from the failure to adhere to key legal regulations and requirements is referred to as compliance risk. It includes the risks associated with money laundering, terrorist financing, sanctions and embargoes, securities compliance as well as fraud and corruption.

The Bank has thoroughly revised its own code of conduct. It determines binding minimum standards for Commerzbank's corporate responsibility, its dealings with customers and business partners as well as its employees with each other, and therefore has a defining impact on day-to-day business. It goes without saying that the Bank complies with relevant laws, regulatory requirements, industry standards and internal rules, and this therefore forms an important part of its risk culture.

Commerzbank's full Board of Managing Directors has defined the Group-wide risk appetite for compliance risks. The Group-wide "Risk Appetite Statement" on compliance underlines Commerzbank's expectation that both its staff and its customers and partners will comply with applicable laws, directives and market standards – at home or abroad – and reiterates that the Bank has no tolerance for breaches of international laws, rules and regulations.

To prevent compliance risks, Commerzbank has implemented hedging systems and controls for its transactions, customers, products and processes. These procedures for ensuring compliance with material legal provisions and requirements are referred to in their entirety as a compliance management system. Commerzbank's compliance management system is based on the "Principles for the Proper Performance of Reasonable Assurance Engagements Relating to Compliance Management Programs", published by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, IDW AssS 980) and the regulatory requirements in the various countries which are relevant for Commerzbank's business activities. To take account of Commerzbank-specific characteristics, individual compliance standards for Commerzbank are derived from this standard.

The main pillar of Commerzbank's overall risk management and culture is the "three lines of defence" principle. Under this principle, protecting against undesirable compliance risks is an activity that is not restricted to the compliance function (Group Compliance). Instead, the organisational control and monitoring elements are aligned in three sequential levels.

Commerzbank is constantly developing its compliance management system in order to meet its responsibilities and cope with the growing complexity and increasing regulatory requirements, thereby enabling it to secure its long-term business success. In this context, the full Board of Managing Directors has launched a global Compliance Change Management Programme to drive a stronger compliance culture within Commerzbank that goes beyond its business-related compliance requirements.

IT risk

IT risk is a form of operational risk. Our internal 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 (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 extent 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. As such, our IT security requirements are at the heart of information security management. IT 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.

The most important IT risks are also evaluated as part 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 detailed and complete overview of the status of implementation of our security specifications was also drawn up in 2015, and a new Security Enforcement & Control unit was established to further improve the information security control structure. Our plans for 2016 include the implementation of specific improvements in our IT security mechanisms and in particular measures to further enhance the awareness of security issues. We also plan to adapt the cyber crime risk scenario evaluated as part of the operational risk management. The risks of the advanced persistent threat (APT)[1], which are part of the cyber crime risk scenario, are planned to be moved into an additional and independent risk scenario and to be described in greater detail.

Human resources risk

Human resources risk falls within the definition of operational risk referred to in the Capital Requirements Regulation (CRR). The internal, management oriented 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 monitor staff turnover on a regular basis from both a quantitative and a qualitative perspective.

Supply risk: Our quantitative and qualitative staffing aims to ensure that 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, assessing and managing risks as early as possible, for instance by applying selected personnel tools. The Board of Managing Directors is regularly informed about human resources risk. In addition, systematic and strategic personnel planning helps to put the management of medium and long-term human resources risks on a more professional footing. This was confirmed by the pilot projects completed at the end of 2015. Preparations are currently being made for the Bank-wide introduction of strategic personnel planning.

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.

[1] An advanced persistent threat is a special form of cyber attack. The intention of an APT attack is to remain undetected for as long as possible in order to steal sensitive information (internet espionage) or cause other types of damage over a longer period.

Group strategy is developed further in a process that takes into account both external and internal factors. On the basis of these factors, the full 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 full 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 full 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 (manual errors in model development/implementation). 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.

The basic principles of model risk management are the identification and avoidance of model risks and appropriate consideration of known model risks (e.g. through conservative calibration or consideration 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. In respect of the governance of model risk management requirements relating to model validation and model changes are established.

The ECB has notified the Bank of a forthcoming supervisory review of selected internal models in the eurozone with a view to establishing the overarching comparability of the capital adequacy calculated by means of internal models in Pillar 1 (Targeted Review of Internal Models – TRIM). This ECB project, which is scheduled to run until 2018, will focus on increasing the overarching consistency and freedom of error of the internal models used by the banks directly supervised by the ECB to assess credit risk, market risk and counterparty risk.

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 2015

€m				2015	2014
Interest income from					
a) Lending and money market transactions	7,963				8,875
less negative interest from money market transactions	−209				n.a.
		7,754			
b) Fixed-income securities and debt register claims		706			1,141
			8,460		10,016
Interest expenses					
Interest expenses from banking business		−4,534			
less positive interest from banking business		111			n.a.
			−4,423		−4,725
				4,037	**5,291**
Current income from					
a) Equities and other non-fixed-income securities			2		5
b) Equity holdings			119		33
c) Holdings in affiliated companies			212		448
				333	**486**
Income from profit-pooling and from partial or full profit-transfer agreements				**300**	**416**
Commission income			3,342		3,161
Commission expenses			−651		−594
				2,691	**2,567**
Net trading income/expense				**−191**	**–**
of which release as defined by Art. 340 e (4) sentence 2 no. 1 of HGB	216				259
Other operating income				**331**	**499**
General operating expenses					
a) Personnel expense					
aa) Wages and salaries		−2,733			−2,721
ab) Compulsory social-security contributions, expenses for pensions and other employee benefits		−367			−581
of which for pensions	34				−187
			−3,100		−3,302
b) Other administrative expenses			−2,321		−2,303
				−5,421	**−5,605**
Depreciation, amortisation and write-downs of intangible and fixed assets				**−331**	**−245**
Other operating expenses				**−330**	**−1,049**
Write-downs and valuation allowances on loans and certain securities and allocations to provisions in lending business				**–**	**−1,506**
Income from write-ups on loans and certain securities and from the release of provisions in lending business				**846**	**–**
Write-downs and valuation allowances on equity holdings, holdings in affiliated companies and securities accounted for as fixed assets				**−154**	**−304**
Income from write-ups on equity holdings, holdings in affiliated companies and securities accounted for as fixed assets				**–**	**–**
Expenses from the transfer of losses				**−60**	**−5**
Income from release of fund for general banking risks				**–**	**–**
Profit or loss on ordinary activities				**2,051**	**545**
Extraordinary profit or loss				**−126**	**−46**
Taxes on income			−199		−192
Other taxes			−33		−25
				−232	**−217**
Net profit				**1,693**	**282**
Transfer to other retained earnings				**−846**	**−141**
Distributable profit				**847**	**141**

Balance sheet of Commerzbank Aktiengesellschaft as at 31 December 2015

Assets | €m				**31.12.2015**	**31.12.2014**
Cash reserve					
a) Cash on hand			1,077		1,000
b) Balances with central banks			21,325		2,604
of which with Deutsche Bundesbank		14,860			239
				22,402	**3,604**
Debt issued by public-sector borrowers, and bills of exchange rediscountable at central banks					
a) Treasury bills and discountable treasury notes, as well as similar debt issues by public-sector borrowers			3,232		336
				3,232	**336**
Claims on banks					
a) Payable on demand			8,250		11,109
b) Other claims			79,188		81,634
of which public-sector loans		175			281
				87,438	**92,743**
Claims on customers				**173,730**	**171,491**
of which secured by mortgages on real estate		36,035			34,342
secured by mortgages on ships		4,260			6,008
public-sector loans		7,285			10,429
Bonds and other fixed-income securities					
a) Money market instruments					
aa) Issued by public-sector borrowers		–			56
of which rediscountable at Deutsche Bundesbank	–				–
ab) Issued by other borrowers		25			–
of which rediscountable at Deutsche Bundesbank	25				–
			25		56
b) Bonds and notes					
ba) Issued by public-sector borrowers		14,639			14,330
of which rediscountable at Deutsche Bundesbank	13,944				14,254
bb) Issued by other borrowers		16,304			30,859
of which rediscountable at Deutsche Bundesbank	13,355				25,054
			30,943		45,189
c) Own bonds			7		507
Nominal amount €5m					
				30,975	**45,752**

Assets I €m				31.12.2015	31.12.2014
Equities and other non-fixed-income securities				**288**	**402**
Trading assets				**67,747**	**87,350**
Equity holdings				**380**	**403**
of which	investments in banks	305			318
	investments in financial services companies	1			31
Holdings in affiliated companies				**8,075**	**8,374**
of which	investments in banks	2,509			2,562
	investments in financial services companies	581			581
Fiduciary assets				**1,131**	**1,325**
of which loans at third-party risk		482			460
Intangible assets					
a) Proprietary intellectual property rights and similar rights and assets			721		589
b) Purchased concessions, industrial property rights and similar rights and assets as well as licences relating to such rights and assets			265		164
				986	**753**
Fixed assets				**553**	**550**
Other assets				**2,777**	**2,668**
Accrued and deferred items					
a) From issuing and lending business			235		164
b) Other accrued and deferred items			351		239
				586	**403**
Excess of plan assets over liabilities				**742**	**1,204**
Total assets				**401,042**	**417,358**

Balance sheet of Commerzbank Aktiengesellschaft as at 31 December 2015

Liabilities and Shareholders' Equity | €m			31.12.2015	31.12.2014
Liabilities to banks				
a) Payable on demand		27,729		39,219
b) With agreed term or notice period		61,944		66,337
of which issued registered ship Pfandbriefe	29			34
			89,673	**105,556**
Liabilities to customers				
a) Savings deposits				
aa) With agreed notice period of three months	6,905			6,701
ab) With agreed notice period of more than three months	47			59
		6,952		6,760
b) Other liabilities				
ba) Payable on demand	136,447			126,243
bb) With agreed term or notice period	67,297			62,193
		203,744		188,436
of which issued registered public Pfandbriefe	833			838
issued registered ship Pfandbriefe	1,261			1,410
			210,696	**195,196**
Securitised liabilities				
a) Bonds and notes issued		22,053		24,002
aa) Mortgage Pfandbriefe	4,158			1,982
ab) Public Pfandbriefe	1,073			1,174
ac) Ship Pfandbriefe	112			695
ad) Other bonds	16,710			20,151
b) Other securitised liabilities		4,930		3,149
ba) Money market instruments	4,883			3,136
bb) Own acceptances and promissory notes outstanding	47			13
			26,983	**27,151**
Trading liabilities			**32,183**	**44,605**
Fiduciary liabilities			**1,131**	**1,325**
of which loans at third-party risk	482			460
Other liabilities			**5,448**	**10,442**
Accrued and deferred items				
a) From issuing and lending business		19		41
b) Other accrued and deferred items		673		333
			692	**374**

Liabilities and Shareholders' Equity | €m				31.12.2015	31.12.2014
Provisions					
a) Provisions for pensions and similar commitments			37		35
b) Provisions for taxes			361		228
c) Other provisions			2,282		3,466
				2,680	**3,729**
Subordinated liabilities				**9,699**	**9,903**
Profit-sharing certificates outstanding				**767**	**842**
of which maturing in less than two years		662			737
Fund for general banking risks				**–**	**216**
of which allocation pursuant to Art. 340 e (4) HGB		–			216
Equity					
a) Subscribed capital					
aa) Share capital	1,252				1,139
Treasury shares	–				–
(conditional capital €569m)		1,252			1,139
ab) Silent participations		491			491
			1,743		1,630
b) Capital reserve			17,192		15,928
c) Retained earnings			1,308		320
d) Distributable profit			847		141
				21,090	**18,019**
Liabilities and Shareholders' Equity				**401,042**	**417,358**
1. Contingent liabilities					
a) Contingent liabilities from rediscounted bills of exchange credited to borrowers			7		7
b) Liabilities from guarantees and indemnity agreements			35,368		36,080
				35,375	**36,087**
2. Other commitments					
a) Irrevocable lending commitments				**68,985**	**56,787**

Notes

General information

(1) Basis of preparation

The financial statements of Commerzbank Aktiengesellschaft as at 31 December 2015 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 (Aktien–gesetz, 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 amortised cost, less any valuation allowances that have been recognised. Commissions paid or other ancillary costs are added to the acquisition cost of claims, while fees received are the main deduction. Differences between acquisition cost and the nominal amount are recognised in net interest income over the life of the claim at a constant effective interest rate.

Loan loss provisions are calculated for all on-balance-sheet claims and off-balance-sheet transactions at individual transaction level or 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 value 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 income statement. Securities in the liquidity reserve are reported under write-downs and valuation allowances on loans and certain securities and allocations to provisions in lending business. Securities held as long-term investments are reported under write-downs and valuation allowances on equity holdings, holdings in affiliated companies and securities accounted for as fixed assets.

We use derivative financial instruments both to hedge the fair value of positions and for trading purposes and measure them individually as at 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 accounted for using the net hedge presentation method, with the gross hedge presentation method used for one selected portfolio. 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. In accordance with Art. 340 e (4) sentence 2 no. 1 HGB we reverse the fund for general banking risks wholly or in part to offset a net trading expense. 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. In order for offsetting to be carried out with non-central counterparties a framework agreement must be in place, containing an enforceable credit support annex with the daily exchange of cash collateral and only insignificant residual credit or liquidity risk. In a first step positive fair values of derivative financial instruments are offset against negative fair values. In a second step margin payments relating to the fair values – contained within liabilities to banks – are offset against positive fair values of derivative financial instruments. Moreover, collateral paid – which is contained in the claims on banks item – is offset against negative fair values of derivative financial instruments. The amounts thus 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, funding 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). In the case of funding valuation adjustments (FVA) the funding costs or benefits of uncollateralised derivatives, as well as collateralised derivatives where there is only partial collateral or the collateral cannot be used for funding purposes, are recognised at fair value. The FVA takes account of the funding risk of Commerzbank Aktiengesellschaft. In order to determine fair value, CVAs, DVAs and FVAs 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. Premiums and discounts are reported as accrued liabilities and deferred income or accrued income and deferred charges respectively and are recognised over their life in net interest income at a constant effective interest rate. 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 IDW (Institute of Public Auditors in Germany) pronouncement RS HFA3. 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.

Interest-rate-based financial instruments held outside the trading 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.

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

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, other liabilities, intangible assets and liabilities to customers were netted against deferred tax assets arising from differences between the accounting and tax value of loan loss provisions, trading assets, fixed assets, equities and other non-fixed-income securities, pension provisions, other assets and liabilities 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 31.4% (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 15.6% 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. Assets and liabilities and income and expenses denominated in foreign currencies and pending spot market transactions are translated at the spot midrate on the balance sheet date, as are the principal amounts in cross-currency swaps outside the trading book. By way of exception, gains and losses in foreign currency are translated into euro immediately on realisation, so that their level is then fixed. Exchange rate fluctuations are reported in the currency translation result. 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

Negative interest on financial instruments held as assets and positive interest on financial instruments held as liabilities are reported as deductions in interest income and interest expenses respectively. Starting 2015 these items are reported separately in the income statement. Negative interest for financial instruments held as assets exceeded positive interest for financial instruments held as liabilities by €98m.

We applied funding valuation adjustments (FVA) for the first time in the third quarter of 2015. An FVA involves recognising the funding costs or benefits of uncollateralised derivatives, as well as collateralised derivatives where there is only partial collateral or the collateral cannot be used for funding purposes, at fair value. This change had an impact of €–105m on net trading income. The FVA has already been recognised as a deduction from CET 1 capital in recent years as part of the "prudent valuation" approach and there is therefore no impact on regulatory capital.

Valuation adjustments determined at portfolio level such as Credit Valuation Adjustments (CVA) and Debit Valuation Adjustments (DVA) are no longer reported as a single net figure under trading liabilities but are instead divided up into the balance sheet items to which the valuation adjustment applies. This provides a more accurate presentation of the company's asset position. As a result of this change trading assets and liabilities each fell by €1,395m as at 31 December 2015.

Commerzbank Aktiengesellschaft in Germany launched a new IT system for its accounting in the year under review. It enables HGB and IFRS data to be processed in parallel and enhances their granularity, allowing individual accounting items to be represented in greater detail. This gave rise to the following changes compared with the previous presentation:

- The valuation of trading securities has been split into interest-like amortisation components and ongoing price changes, which allows for a more consistent reporting of operating performance. The amortisation components are now reported in interest income or expenses instead of being reported together with ongoing price changes in net trading income. This increased net trading income by €73m in 2015, with net interest income falling by the same amount (net balance of reduction in interest income by €46m and increase in interest expenses by €27m). This reclassification within the income statement had no impact on net income for the year.
- Discounts and premiums on securities and promissory note loans held outside the trading book are amortised using the effective interest rate method, rather than in a straight line as previously. Net income for the year rose as a result by €29m (net balance of a €15m increase in interest income and a €14m reduction in interest expenses). The impact on the balance sheet items affected as at 31 December 2015 was insignificant. The change provides a more accurate representation of interest income and expenses.
- Claims on banks and customers are no longer reported at nominal value, with discounts reported under accrued liabilities and deferred income, but are instead recognised at amortised cost. Fees received as well as commissions paid are also now incorporated in the acquisition costs when loans are disbursed and amortised together with the discounts at a constant effective interest rate. This led to a reduction in commission expenses by €66m, while interest income and the relevant balance sheet items saw only minor changes as at 31 December 2015. In the past loan arrangement fees and commissions were recognised immediately as income or expenses. The changes were made to achieve a more consistent presentation of the Bank's result and assets position.
- The change in the reporting of certain elements in internal foreign currency derivative transactions reduced trading assets and other liabilities by €1.1bn as at 31 December 2015. There was no impact on the net income for the year.
- Issued securities are now recognised at their settlement amount with discounts reported in accrued income and deferred charges and premiums in accrued liabilities and deferred income, instead of at amortised cost, as in some cases previously. An exception to this are zero coupon bonds and certificates which continue to be recognised at amortised cost. As at 31 December 2015, this increased securitised liabilities by €65m, subordinated liabilities by €72m, accrued income and deferred charges by €140m and accrued liabilities and deferred income by €3m.
- As at 1 January 2015, as a result of the more detailed allocation of accrued interest, claims on banks rose by €86m, claims on customers by €110m, liabilities to banks by €179m and liabilities to customers by €2m. Other assets were reduced by €170m, other liabilities by €107m, and accrued liabilities and deferred income by €48m.
- Following changes to the reporting of certain interest income and expense bookings for promissory note loans or bonds, interest income and expenses were each reduced by €147m in 2015.

Notes to the income statement

(5) Breakdown of revenues by geographic markets

€m	2015	2014
Europe including Germany	12,263	13,710
America	328	219
Asia	194	234
Africa	–	–
Total	**12,785**	**14,163**

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 €331m (previous year: €499m) primarily contained €179m (previous year: €372m) from the release of provisions, of which €7m (previous year: €31m) related to the reversal of restructuring provisions. This item also contains income from currency translation of €2m (previous year: €1m).

(8) Other operating expenses

Other operating expenses of €330m (previous year: €1,049m) included €102m (previous year: €927m) in allocations to provisions for litigation and recourse risks and currency translation expense of €38m (previous year: €18m).

(9) Extraordinary expense

The extraordinary expense of €126m (previous year: €46m) contains an allocation of €80m (previous year: –) to restructuring provisions as well as 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	31.12.2015	31.12.2014
Other claims on banks	**79,188**	**81,634**
with a residual term of		
less than three months	37,983	41,916
over three months up to one year	26,152	25,490
over one year up to five years	12,718	12,025
over five years	2,335	2,203
Claims on customers	**173,730**	**171,491**
with an indefinite term	18,327	18,232
with a residual term of		
less than three months	28,508	26,724
over three months up to one year	18,449	20,840
over one year up to five years	49,178	46,100
over five years	59,268	59,595

€m	31.12.2015	31.12.2014
Liabilities to banks		
with an agreed term or notice period	**61,944**	**66,337**
with a residual term of		
less than three months	21,884	27,345
over three months up to one year	8,179	8,217
over one year up to five years	19,431	19,701
over five years	12,450	11,074
Savings deposits		
with an agreed notice period of more than three months	**47**	**59**
with a residual term of		
less than three months	–	9
over three months up to one year	42	21
over one year up to five years	5	21
over five years	–	8
Other liabilities to customers		
with an agreed term or notice period	**67,297**	**62,193**
with a residual term of		
less than three months	28,608	30,049
over three months up to one year	24,560	19,615
over one year up to five years	7,240	5,239
over five years	6,889	7,290
Other securitised liabilities	**4,930**	**3,149**
with a residual term of		
less than three months	2,891	677
over three months up to one year	2,036	2,471
over one year up to five years	3	1
over five years	–	–

Of the €22,053m of bonds and notes issued within securitised liabilities (previous year: €24,002m), €2,894m will fall due in 2016.

(12) Cover assets for bonds issued by the Bank

€m	31.12.2015	31.12.2014
Claims on banks	254	307
Claims on customers	12,884	10,055
Bonds and other fixed-income securities	439	632
Total	**13,577**	**10,994**

(13) Securities

As at 31 December 2015 the breakdown of marketable securities was as follows:

	Listed on a stock exchange		Not listed	
€m	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Bonds and other fixed-income securities	29,863	36,729	1,112	9,023
Equities and other non-fixed-income securities	–	–	266	352
Equity holdings	–	–	29	29
Holdings in affiliated companies	2,380	2,380	–	–

Of the bonds and other fixed-income securities amounting to €30,975m (previous year: €45,752m), €6,023m will fall due in 2016.

In 2015 Commerzbank Aktiengesellschaft closed free derivatives in the liquidity portfolio, generating income of €547m.

A write-down of €204m to our holdings in affiliated companies in accordance with Art. 253 (3) sentence 5 HGB was not carried out, as the Bank does not intend to sell these securities and they are not permanently impaired.

(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 part of a net trading expense Commerzbank Aktiengesellschaft released the fund for general banking risks pursuant to Art. 340 e (4) sentence 2 no. 1 HGB amounting to €216m (previous year: €259m) in its entirety.

€m	31.12.2015	31.12.2014
Trading assets	**67,747**	**87,350**
Derivative financial instruments	26,499	42,706
Claims	1,618	1,270
Bonds and other fixed-income securities	11,805	17,189
Equities and other non-fixed-income securities	27,910	26,223
Risk charge value at risk	−85	−38

€m	31.12.2015	31.12.2014
Trading liabilities	**32,183**	**44,605**
Derivative financial instruments	23,805	35,107
Liabilities	8,378	9,498

(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).

Moreover, since this financial year portfolio hedge relationships have been created for liabilities to customers. These hedges are completely offset by being combined into a hedge relationship with assets with embedded equity risks. The effectiveness of the portfolio hedge relationships for equity risks is measured on the basis of the dollar offset method. The term to maturity of these hedge relationships is payable on demand.

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 are accounted for on the basis of the net hedge presentation method. 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 six years (previous year: 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: one year).

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 five 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	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Securities of liquidity reserve	25,476	27,256	24,491	29,070	−614	−930
Issues of non-trading portfolio	52,740	55,580	53,526	56,809	−2,425	−3,550
Liabilities to customers	7,604	–	7,604	–	−730	–

(16) Relationships with affiliated companies and equity holdings

	Affiliated companies		Equity holdings	
€m	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Claims on banks	33,247	35,613	10	41
Claims on customers	11,818	9,670	624	559
Bonds and other fixed-income securities	242	7,424	1	–
Trading assets excluding derivative financial instruments	854	1,234	53	25
Liabilities to banks	20,981	17,484	20	8
Liabilities to customers	3,587	9,037	978	926
Securitised liabilities	647	984	–	–
Trading liabilities excluding derivative financial instruments	–	–	3	1
Subordinated liabilities	1,035	929	–	–

(17) Fiduciary transactions

€m	31.12.2015	31.12.2014
Claims on banks	7	–
Claims on customers	475	460
Bonds and other fixed-income securities	–	–
Other fiduciary assets	649	801
Commerzbank Foundation[1]	–	64
Fiduciary assets	**1,131**	**1,325**
of which loans at third-party risk	482	460
Liabilities to banks	11	12
Liabilities to customers	471	448
Other fiduciary liabilities	649	801
Commerzbank Foundation[1]	–	64
Fiduciary liabilities	**1,131**	**1,325**
of which loans at third-party risk	482	460

[1] The endowment of the Commerzbank Foundation was transferred to a standalone foundation during the year under review.

(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 1.1.2015	**1,616**	**1,868**	**831**		
Additions in 2015	447	139	30		
Disposals in 2015	50	125	42		
Transfers	–	–	–		
Exchange rate changes	6	13	45		
Cost of acquisition/production as at 31.12.2015	**2,019**	**1,895**	**864**		
Cumulative write-downs	1,033	1,342	585		
of which write-downs in 2015	214	119	14		
write-ups in 2015	–	2	–		
Residual book values as at 31.12.2015	**986**	**553**	**279**	**380**	**8,075**
Residual book values as at 31.12.2014	**753**	**550**	**292**	**403**	**8,374**

[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 €196m (previous year: €205m), properties amounting to €182m (previous year: €190m) are used by Commerzbank Aktiengesellschaft. Office furniture and equipment amounting to €357m (previous year: €345m) was included in the fixed assets. As at 31 December 2015 development costs of €721m (previous year: €589m) 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 €2,777m (previous year: €2,668m) primarily contained claims on tax authorities of €608m (previous year: €761m), precious metals in the non-trading portfolio of €289m (previous year: €122m), amounts owed under profit transfer agreements of €300m (previous year: €417m) as well as accrued and deferred interest on non-trading derivatives of €183m (previous year: €213m) and margin due on exchange-traded futures transactions of €620m (previous year: €159m).

(20) Subordinated assets

€m	31.12.2015	31.12.2014
Claims on banks	87,438	92,743
of which subordinated	617	692
Claims on customers	173,730	171,491
of which subordinated	713	495
Bonds and other fixed-income securities	30,975	45,752
a) Bonds and notes issued by other borrowers	16,304	30,859
of which subordinated	1	–
b) Own bonds	7	507
of which subordinated	7	7
Equities and other non-fixed-income securities	288	402
of which subordinated	–	–
Trading assets[1]	67,747	87,350
of which subordinated	324	218
Total Subordinated assets	**1,662**	**1,412**

[1] Measured at fair value.

(21) Repurchase agreements

As at 31 December 2015 the carrying amount recorded in the balance sheet for assets transferred under repurchase agreements amounted to €2,746m (previous year: €4,737m).

(22) The Bank's foreign currency position

As at 31 December 2015 foreign currency assets amounted to €153,751m (previous year: €141,833m) and foreign currency liabilities amounted to €104,119m (previous year: €94,433m).

(23) Collateral pledged for own liabilities

€m	31.12.2015	31.12.2014
Liabilities to banks	42,686	56,954
Liabilities to customers	3,001	7,308
Securitised liabilities	500	500
Other commitments	–	6,340
Total	**46,187**	**71,102**

Assets of matching amounts were pledged as collateral for the liabilities listed above. Collateral is posted to borrow funds under securities repurchase agreements and for funds borrowed for specific purposes.

In addition bonds to the value of €960m issued by the Bank (previous year: €609m) are backed by collateral which, although legally sold, remains under the beneficial ownership of Commerzbank Aktiengesellschaft.

(24) Other liabilities

Other liabilities of €5,448m (previous year: €10,442m) contained liabilities attributable to film funds of €1,334m (previous year: €1,470m). In the prior year liabilities under securitisation transactions of €6,479m were included.

(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 the Deutsche Bundesbank, of 3.89% (previous year: 4.54%), applying the projected unit credit method on the basis of the Heubeck 2005 G mortality tables. The discount rate used is based on the information published by the Deutsche Bundesbank as at 31 December 2015 (previous year: 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 1.50% 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 €23m (previous year: €13m).

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 €221m (previous year: €267m). 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 2015, the following values were recorded for these items before offsetting:

€m	31.12.2015	31.12.2014
Fair value of the plan assets	5,705	5,839
Amount to be paid	5,327	5,006

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 €706m (previous year: €463m). Expense from plan assets before offsetting amounted to €135m. In the prior year we reported income from plan assets before offsetting of €978m. The historic cost of the plan assets amounted to €5,274m (previous year: €5,090m).

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. This item includes provisions for personnel-related matters, including restructuring, age-related short-time working and early retirement. The restructuring provisions for the planned adjustment of personnel capacities amounted to €364m (previous year: €370m). The plan assets to cover obligations for age-related short-time working of €196m (previous year: €199m) were offset against the settlement amount of €53m (previous year: €94m). Prior to offsetting, the imputed interest expense for provisions for age-related short-time working covered by plan assets amounted to €5m (previous year: €8m). Expense from plan assets before offsetting amounted to €3m. In the prior year we reported income from plan assets before offsetting of €6m. The historic cost of plan assets for age-related short-time working amounted to €195m (previous year: €196m). The expense from imputed interest on other provisions amounted to €45m for the financial year (previous year: €52m) 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 €9,699m (previous year: €9,903m) 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 €578m (previous year: €641m). The following borrowings exceeded 10% of the subordinated liabilities as at 31 December 2015:

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 2015:

German securities identification no. (WKN)	Currency	€m	Interest rate %	Maturing on 31.12.
Profit-sharing certificate WKN DR2U70[1]	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 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
Total		**767**		

[1] To be repaid on 30 June 2016.

(28) Equity

€	31.12.2015		31.12.2014	
Equity		**21,090,187,238.43**		**18,019,239,218.46**
a) Subscribed capital		1,743,742,634.00		1,629,891,941.00
Share capital	1,252,357,634.00		1,138,506,941.00	
Silent participations	491,385,000.00		491,385,000.00	
b) Capital reserve		17,191,685,851.77		15,927,943,159.47
c) Retained earnings		1,308,081,435.32		320,195,755.21
d) Distributable profit		846,677,317.34		141,208,362.78

a) Subscribed capital

As at 31 December 2015, the share capital of Commerzbank Aktiengesellschaft amounted to €1,252,357,634.00 and was divided into 1,252,357,634 no-par-value shares, each with an accounting par value of €1.00.

On 27 April 2015 the Board of Managing Directors decided to raise the Bank's share capital with the approval of the Supervisory Board. This capital raising was completed via an accelerated order book transaction on 28 April 2015. On the basis of the completed share capital increase entered in the Commercial Register on 29 April 2015, 113,850,693 no-par-value shares were placed with institutional investors at a placement price of €12.10 with subscription rights excluded. The new shares are entitled to dividends for the financial year 2015. The total size of the capital increase was €1.4 billion. Subscribed capital rose by €113m and the capital reserve by €1,264m.

On the reporting date silent participations of HT1 Funding GmbH of €415,885,000.00 and a number of other silent participations totalling €75,500,000.00 remained in place.

b) Capital reserve

€	
As at 31.12.2014	**15,927,943,159.47**
Allocation	1,263,742,692.30
As at 31.12.2015	**17,191,685,851.77**

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.

c) Retained earnings

€	
As at 31.12.2014	**320,195,755.21**
Allocation to retained earnings	987,885,680.11
of which addition from distributable profit of prior year	141,208,362.78
As at 31.12.2015	**1,308,081,435.32**

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	0.00	5.5.2016	Art. 4 (3)[1]
2012	1,150	0.00	22.5.2017	Art. 4 (5)[1]
2015	569	569,253,470.00	29.4.2020	Art. 4 (3)[2]
As at 31.12.2014	**3,150**	**2,612,936,397.00**		
As at 31.12.2015	**569**	**569,253,470.00**		

[1] Previous issue.
[2] Current issue.

The conditions for capital increases from authorised capital as at 31 December 2015 are given in the Articles of Association of Commerzbank Aktiengesellschaft dated 24 June 2015.

The Board of Managing Directors is authorised, with the approval of the Supervisory Board, to increase the Company's share capital until 29 April 2020 through the issuance of new shares with no par value in exchange for cash or contributions in kind, in either one or several tranches, but not exceeding a maximum amount of €569,253,470.00 (Authorised Capital 2015 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 manner that the new shares are underwritten by one or more banks or enterprises equivalent to a bank pursuant to Art. 186 (5) sentence 1 Stock Corporation Act 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) 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 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) 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 Stock Corporation Act on the basis of this authorisation may not exceed a total of 10% of the share capital of the Company, either 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 Authorised Capital 2015, while excluding shareholders' subscription rights in accordance with Art. 71 (1) no. 8 sentence 5, and Art. 186 (3) sentence 4 Stock Corporation Act. The upper limit is further reduced by the proportional 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 2015, while excluding subscription rights subject to appropriate application of Art. 186 (3) sentence 4 Stock Corporation Act.

The proportional amount of the share capital attributable to those shares issued in exchange for cash or contributions in kind with exclusion of the shareholders' subscription right must not, in aggregate, exceed 20% of the share capital of the Company existing at the time when the General Meeting adopts the resolution. Regarding the above limit, those shares shall be taken into account which are issued or sold subject to exclusion of the subscription right during the term of this authorisation under another authorisation, or on which financial instruments with conversion or option rights or obligations are based which are issued subject to exclusion of the subscription right of the shareholders during the term of the authorisation under another authorisation. Moreover, if shares are issued to members of the Board of Managing Directors, members of the management or employees of the Company or its group companies within the meaning of Art. 18 (1) Stock Corporation Act in exchange for cash or contributions in kind with exclusion of the shareholders' subscription right, the pro rata amount of the share capital attributable to such shares must not, in aggregate, exceed 5% of the share capital of the Company existing at the time when the General Meeting adopts the resolution. When determining this limit, shares shall also be taken into account which are issued or sold during the term of this authorisation under another authorisation with the exclusion of subscription rights to members of the Board of Managing Directors, members of the management or employees of the Company or of its group companies within the meaning of Art. 18 (1) Stock Corporation Act.

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

The Supervisory Board is authorised to amend the wording of Art. 4 of the Articles of Association in accordance with the utilisation of Authorised Capital 2015 or to amend it after the expiry of the authorisation period.

The AGM resolution of 6 May 2011 (Authorised Capital 2011/I) and the AGM resolution of 23 May 2012 (Authorised Capital 2012/I) have been cancelled. Art. 4 (5) of the Articles of Association (previous issue) was cancelled by resolution of the AGM on 30 April 2015.

€	Remaining authorised capital 31.12.2014	Added in financial year	Used in financial year	Expired in financial year	Remaining authorised capital 31.12.2015
Total	2,612,936,397.00	569,253,470	113,850,693	2,499,085,704	569,253,470.00

(30) Conditional capital

						of which	
€	Conditional capital 31.12.2014	Added in financial year	Used in financial year	Expired in financial year	Conditional capital 31.12.2015	used conditional capital	still available
Total	2,750,000,000.00	569,253,470	–	2,750,000,000	569,253,470.00	–	569,253,470.00

As resolved at the Annual General Meeting of 30 April 2015, the Company's share capital shall be conditionally increased by up to €569,253,470.00 divided into up to 569,253,470 bearer shares with no par value (Conditional Capital 2015 in accordance with Art. 4 (4) of the Articles of Association). The conditional capital increase will only be carried out to the extent that holders or creditors of convertible bonds, convertible profit participation rights, convertible hybrid bonds, or warrants attached to bonds or profit-sharing certificates, with warrants issued or guaranteed until 29 April 2020 by the Company or by companies in which the Company directly or indirectly holds a majority interest (Group companies as defined in Art. 18 (1) Stock Corporation Act) on the basis of the authorisation resolved at the Annual General Meeting dated 30 April 2015 (Authorisation 2015), exercise their conversion or option rights or fulfil their related conversion or option obligations, or the Company utilizes its right to provide alternative performance, and other forms of settlement are not chosen. The new shares are issued at the option or conversion price, as the case may be, to be determined in accordance with the Authorisation 2015. The new shares will be entitled to dividend payments from the start of the fiscal year in which they are issued through the exercise of either conversion or option rights, or through the fulfilment of the related conversion or option obligations; as far as legally permissible, the Board of Managing Directors may, with the approval of the Supervisory Board, determine the dividend right in respect of new shares in derogation of Art. 60 (2) Stock Corporation Act, even for a fiscal year already ended.

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

The AGM resolution of 23 May 2012 (Conditional Capital 2012/I) has been cancelled.

(31) Non-distributable amounts

The table below shows the non-distributable amounts as at 31 December 2015.

€m	31.12.2015	31.12.2014
In-house developed intangible assets	721	589
Difference arising from the capitalisation of plan assets at fair value	431	752
Non-distributable amount	**1,152**	**1,341**

(32) Significant shareholder voting rights

As at 31 December 2015 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[2, 3]	Berlin	15.60	31.5.2013
BlackRock Group	New York	5.02	29.12.2015
The Capital Group Companies, Inc.[3]	Los Angeles	4.99	27.11.2014

[1] Voting rights held directly and indirectly.
[2] The shareholding of the Federal Republic of Germany is administered by Finanzagentur GmbH since 1 January 2016.
[3] This notification was received before the capital increase of 29 April 2015.

(33) Treasury shares

The AGM on 30 April 2015 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 29 April 2020. 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 71 a ff. 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 own shares are purchased may not be more than 10% lower than the average share price (closing auction prices of the Commerzbank share in the XETRA trading system or a comparable successor system to XETRA on the Frankfurt Stock Exchange) on the three trading days preceding the purchase. Treasury shares may not be purchased at prices more than 10% higher than this level (excluding ancillary costs).

No treasury shares were acquired during the financial year and Commerzbank Aktiengesellschaft held no treasury shares as at the reporting date. Customers pledged 3,831,424 treasury shares (previous year: 4,133,355 treasury shares) as collateral.

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	31.12.2015	31.12.2014
Contingent liabilities from rediscounted bills of exchange credited to borrowers	7	7
Liabilities from guarantees and indemnity agreements[1]	35,368	36,080
Credit guarantees	2,849	2,910
Other guarantees	25,871	25,165
Letters of credit	6,648	8,005
Total	**35,375**	**36,087**

[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 EU Regulation 575/2013, which implements the supervisory regulations of the Basel 3 regulatory framework at European level.

b) Other commitments

€m	31.12.2015	31.12.2014
Irrevocable lending commitments	**68,985**	**56,787**
Loans to customers	65,906	54,505
Loans to banks	1,192	877
Guarantees/acceptance credits/letters of credit	1,887	1,405

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 as title in these transactions remains with the lender. Securities lent out therefore continue to be recognised in the balance sheet. If we lend securities which we have previously borrowed, this does not give rise to a liability provided this lending transaction is secured with cash collaterals or high quality collateral in the form of securities. 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 €19,002m (previous year: €16,498m) and the fair value of securities borrowed amounted to €47,493m (previous year: €44,289m). As part of these securities transactions, collateral for securities lent amounted to €20,015m (previous year: €18,861m) and to €46,944m (previous year: €43,616m) 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 2015, existing commitments from rental, tenancy and leasing agreements amounted to €2,370m for the following years (previous year: €3,184m); of which €854m relates to affiliated companies (previous year: €1,279m).

Payment commitments for shares, shareholdings in limited companies and other shareholdings amounted to €38m on the reporting date (previous year: €39m).

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.

The Other financial commitments include the irrevocable payment obligation provided by the Federal Financial Market Stabilisation Authority (FMSA) after approval of the Bank's request for security for payment of part of the banking levy.

Securities with a book value of €6,726m (previous year: €7,485m) have been deposited as collateral to meet obligations to futures and options exchanges and clearing houses.

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 Brasil S.A. - Banco Múltiplo	São Paulo
Commerzbank Inlandsbanken Holding GmbH	Frankfurt/Main
Commerzbank International S.A.[1]	Luxembourg
CommerzTrust GmbH	Frankfurt/Main
Commerz Markets LLC	New York
Erste Europäische Pfandbrief- und Kommunalkreditbank Aktiengesellschaft in Luxemburg	Luxembourg
Hypothekenbank Frankfurt AG	Eschborn

[1] The letter of comfort is extinguished with the completion of the sale of Commerzbank International S.A. The fulfilment of this condition subsequent is hereby announced with the aim of Europe-wide circulation.

(35) Forward transactions

31.12.2015	Nominal Values Residual terms						Fair value	
€m	due on demand	up to 3 months	3 months to 1 year	1 year to 5 years	over 5 years	Total	Positive	Negative
Foreign-currency-based forward transactions								
OTC products	14	280,779	191,183	172,838	119,716	764,530	15,598	17,500
Foreign exchange spot and forward contracts	–	230,749	100,129	22,445	880	354,203	4,611	4,629
Interest rate and currency swaps	–	16,493	50,833	133,427	115,261	316,014	9,211	11,209
Currency call options	–	15,640	17,729	6,777	1,597	41,743	1,437	–
Currency put options	–	17,601	21,379	9,457	1,904	50,341	–	1,475
Other foreign exchange contracts	14	296	1,113	732	74	2,229	339	187
Exchange-traded products	–	223	177	44	–	444	–	–
Currency futures	–	209	143	4	–	356	–	–
Currency options	–	14	34	40	–	88	–	–
Total	**14**	**281,002**	**191,360**	**172,882**	**119,716**	**764,974**	**15,598**	**17,500**
of which trading securities	14	280,677	190,646	172,509	118,926	762,772	15,500	17,292
Interest-based forward transactions								
OTC products	7	285,287	1,031,825	902,079	1,096,590	3,315,788	123,031	118,114
Forward rate agreements	–	43,058	586,139	–	–	629,197	181	153
Interest rate swaps	–	238,766	404,808	810,243	938,464	2,392,281	114,508	109,716
Interest rate call options	–	1,654	22,139	42,218	71,024	137,035	8,085	–
Interest rate put options	–	1,554	16,130	43,713	81,044	142,441	–	7,983
Other interest rate contracts	7	255	2,609	5,905	6,058	14,834	257	262
Exchange-traded products	–	588	22,406	1,774	6,606	31,374	–	–
Interest rate futures	–	574	13,716	1,383	2,970	18,643	–	–
Interest rate options	–	14	8,690	391	3,636	12,731	–	–
Total	**7**	**285,875**	**1,054,231**	**903,853**	**1,103,196**	**3,347,162**	**123,031**	**118,114**
of which trading securities	7	285,524	1,046,285	897,637	1,097,080	3,326,533	121,635	117,908
Other forward transactions								
OTC products	1,609	15,429	47,448	79,912	12,121	156,519	5,335	5,099
Structured equity / index products	1,406	7,723	17,676	11,802	1,271	39,878	725	1,355
Equity call options	–	1,889	5,222	3,471	108	10,690	614	–
Equity put options	–	2,229	7,282	12,034	993	22,538	–	1,006
Credit derivatives	–	2,166	14,298	50,355	9,744	76,563	1,648	2,294
Precious metal contracts	5	674	807	776	–	2,262	151	297
Other transactions	198	748	2,163	1,474	5	4,588	2,197	147
Exchange-traded products	–	35,742	28,895	14,576	261	79,474	–	–
Equity futures	–	16,801	717	176	–	17,694	–	–
Equity options	–	14,116	22,500	12,538	261	49,415	–	–
Other futures	–	3,638	3,206	1,133	–	7,977	–	–
Other options	–	1,187	2,472	729	–	4,388	–	–
Total	**1,609**	**51,171**	**76,343**	**94,488**	**12,382**	**235,993**	**5,335**	**5,099**
of which trading securities	1,417	44,438	72,072	92,560	12,238	222,725	5,125	5,050
Total pending forward transactions								
OTC products	1,630	581,495	1,270,456	1,154,829	1,228,427	4,236,837	143,964	140,713
Exchange-traded products	–	36,553	51,478	16,394	6,867	111,292	–	–
Total	**1,630**	**618,048**	**1,321,934**	**1,171,223**	**1,235,294**	**4,348,129**	**143,964**	**140,713**
Net position							**28,203**	**24,268**
of which trading securities							26,499	23,805

The total effect of netting amounted to €125,600m as at 31 December 2015 (previous year: €160,535m). On the assets side, this involved €115,761m of positive fair values (previous year: €148,937m), €8,138m of claims on banks (previous year: €9,055m) and €1,701m of other assets (previous year: €2,543m). On the liabilities side, €116,445m of negative fair values (previous year: €154,883m), €8,524m of liabilities to banks (previous year: €5,071m) and €631m of other liabilities (previous year: €531m) were netted.

A provision for impending losses of €240m (previous year: €113m) 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 35,955 (previous year: 36,640) 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: 63%). Part-time staff are included in full in the employees figure.

	2015			2014		
	Total	male	female	Total	male	female
Full-time equivalent	**32,648**	**16,439**	**16,209**	**33,389**	**16,859**	**16,530**
in Germany	29,169	14,205	14,964	29,879	14,581	15,298
outside Germany	3,479	2,234	1,245	3,510	2,278	1,232
Employees (number)	**35,955**	**18,062**	**17,893**	**36,640**	**18,459**	**18,181**
in Germany	32,393	15,775	16,618	33,047	16,127	16,920
outside Germany	3,562	2,287	1,275	3,593	2,332	1,261

Trainees are not included.

	2015			2014		
	Total	male	female	Total	male	female
Trainees	1,418	741	677	1,753	924	829

(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 (p. 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	31.12.2015	31.12.2014
Board of Managing Directors	8,432	11,921
Supervisory Board	2,019	1,657
Total	**10,451**	**13,578**

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 €21,304 thousand as at 31 December 2015 (previous year: €17,975 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 €7,938 thousand in the 2015 financial year (previous year: €7,986 thousand). The pension liabilities for these persons amounted to €77,708 thousand (previous year: €77,466 thousand). Payments to former board members of merged companies and their surviving dependants were €12,407 thousand (previous year: €14,025 thousand). There were also outstanding pension liabilities of €145,174 thousand (previous year: €149,600 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 2015 of €2,019 thousand (previous year: €1,657 thousand). Of this figure, the fixed remuneration and remuneration for committee memberships amounted to €1,541 thousand (previous year: €1,305 thousand) and attendance fees to €478 thousand (previous year: €352 thousand). Attendance fees were paid for participating in the meetings of the Supervisory Board and its seven committees (Presiding, Remuneration, 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 was 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: no more than 1%) of the issued shares and option rights of Commerzbank Aktiengesellschaft as at 31 December 2015.

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:

	31.12.2015		31.12.2014	
	Board of Managing Directors	Supervisory Board	Board of Managing Directors	Supervisory Board
Claims (€1,000)	4,930	2,961	3,165	563
Last due date[1]	2042	2047	2042	2047
Range of interest rates used (%)[2]	1.26–2.8	1.34–5.1	1.52–5.5	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 15.2% was charged for overdrafts in the Board of Managing Directors (previous year: 15.4%) and up to 12.0% in the Supervisory Board (previous year 11.8%).

(38) Corporate Governance Codex

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.de

(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 €4m (previous year: €2m) 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 had a holding of more than 10% as at 31 December 2015 by category:

€m	31.12.2015	31.12.2014
Index funds	1,745	1,879
Balanced funds	656	611
Bonds and other fixed-income funds	420	333
Equities and equity funds	38	31
Funds held through equity participations	5	11
Total	**2,864**	**2,865**

(40) Mortgage 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	31.12.2015			31.12.2014		
Cover calculation mortgage Pfandbriefe	**Nominal value**	**Net present value**	**Risk-adjusted net present value[1]**	**Nominal value**	**Net present value**	**Risk-adjusted net present value[1]**
Liabilities to be covered	4,150.0	4,255.5	4,014.6	2,000.0	2,111.4	1,991.0
of which Pfandbriefe outstanding	4,150.0	4,255.5	4,014.6	2,000.0	2,111.4	1,991.0
of which derivatives	–	–	–	–	–	–
Cover assets	8,678.8	9,850.8	9,274.8	5,482.8	6,395.8	6,029.7
of which cover loans	8,533.8	9,683.8	9,110.6	5,401.3	6,314.2	5,948.3
of which cover assets Art. 19 (1) No. 1, 2, 3 PfandBG	145.0	167.0	164.1	81.5	81.6	81.4
of which derivatives	–	–	–	–	–	–
Risk-adjusted net present value after interest rate stress test			5,260.1			4,038.7
Loss from currency stress test			–			–
Cover surplus	**4,528.8**	**5,595.3**	**5,260.1**	**3,482.8**	**4,284.4**	**4,038.7**

[1] Risk-adjusted net present value including currency stress test.

€m	31.12.2015	31.12.2014
Mortgage Pfandbriefe outstanding with a residual term of		
over 3 years up to 4 years	1,000.0	–
over 4 years up to 5 years	1,000.0	1,000.0
over 5 years up to 10 years	2,150.0	1,000.0
Total	**4,150.0**	**2,000.0**
Cover assets Mortgage Pfandbriefe with a residual fixed interest period of		
up to 6 months	154.9	87.8
over 6 months up to 12 months	175.7	162.7
over 12 months up to 18 months	204.2	112.7
over 18 months up to 2 years	175.0	137.5
over 2 years up to 3 years	581.0	297.0
over 3 years up to 4 years	561.5	338.9
over 4 years up to 5 years	546.1	330.9
over 5 years up to 10 years	6,000.9	3,873.1
over 10 years	279.3	142.2
Total	**8,678.8**	**5,482.8**

Other cover assets | €m	31.12.2015	31.12.2014
Equalisation claims as defined by Art. 19 (1) no. 1 Pfandbriefgesetz		
Germany	–	–
Total	**–**	**–**
Loans as defined by Art. 19 (1) no. 2 Pfandbriefgesetz		
Germany	–	81.5
of which covered bonds as defined by Art. 129 of EU Regulation 575/2013	–	–
Austria	–	–
of which covered bonds as defined by Art. 129 of EU Regulation 575/2013	–	–
Total	**–**	**81.5**
Loans as defined by Art. 19 (1) no. 3 Pfandbriefgesetz		
Germany	145.0	–
Total	**145.0**	**–**
Total	**145.0**	**81.5**

Size categories | €m	31.12.2015	31.12.2014
Up to €0.3m	7,110.7	4,346.8
over €0.3m up to €1m	1,106.1	773.5
over €1m up to €10m	290.0	265.9
over €10m	27.0	15.0
Total	**8,533.8**	**5,401.3**

Mortgage Pfandbriefe by country and type of use | €m	31.12.2015		31.12.2014	
Germany	**Commercial**	**Residential**	**Commercial**	**Residential**
Flats	–	2,054.4	–	1,211.6
Single family house	–	5,471.7	–	3,380.8
Multi-dwellings	–	1,007.3	–	808.7
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	–	0.0
Building sites	–	0.0	–	0.0
Total	**0.3**	**8,533.5**	**0.3**	**5,401.0**

Foreign currency | €m	31.12.2015	31.12.2014
Net present value	–	–

Interest structure | %	31.12.2015	31.12.2014
Share of fixed-income cover assets	99.8	98.5
Share of fixed-income Pfandbriefe	100.0	100.0

Limit breaches | €m	31.12.2015	31.12.2014
Total amount of loans that exceed the limits defined by Art. 13 (1) PfandBG	–	–
Total amount of loans that exceed the limits defined by Art. 19 (1) PfandBG	–	–

Other structural data	31.12.2015	31.12.2014
Average age of the loans weighted by value, in years (seasoning)	2.3	2.1
Average weighted loan-to-value ratio in %	55.3	52.3

Payments in arrear Germany | €m	31.12.2015	31.12.2014
Total payments overdue by at least 90 days	0.1	–
Total amount of interest in arrears	0.0	–
Total amount of these receivables where the arrears represent at least 5% of the receivable concerned	–	–

Foreclosure sales

There were no foreclosure sales in 2015. No foreclosures are currently pending.

Acquisition of properties

No properties were acquired as a loss prevention measure in 2015.

(41) Public Pfandbriefe

€m	31.12.2015			31.12.2014		
Cover calculation public Pfandbriefe	**Nominal value**	**Net present value**	**Risk-adjusted net present value[1]**	**Nominal value**	**Net present value**	**Risk-adjusted net present value[1]**
Liabilities to be covered	1,881.5	2,218.5	2,323.7	2,003.1	2,388.3	2,485.2
of which Pfandbriefe outstanding	1,881.5	2,218.5	2,323.7	2,003.1	2,388.3	2,485.2
of which derivatives	–	–	–	–	–	–
Cover assets	2,263.2	2,492.6	2,475.2	2,396.7	2,653.8	2,691.6
of which cover loans	961.3	999.7	999.5	1,170.1	1,217.7	1,218.2
of which cover assets Art. 20 (1) PfandBG	2,263.2	2,492.6	2,475.2	2,396.7	2,653.8	2,691.6
of which cover assets Art. 20 (2) PfandBG	–	–	–	–	–	–
of which derivatives	–	–	–	–	–	–
Risk-adjusted net present value after interest rate stress test			198.4			223.1
Loss from currency stress test			–46.9			–16.6
Cover surplus	**381.7**	**274.1**	**151.5**	**393.7**	**265.4**	**206.5**

[1] Risk-adjusted net present value including currency stress test.

€m	31.12.2015	31.12.2014
Public Pfandbriefe outstanding with a residual term of		
up to 6 months	33.0	10.0
over 6 months up to 12 months	10.0	115.0
over 12 months up to 18 months	–	33.0
over 18 months up to 2 years	85.5	10.0
over 2 years up to 3 years	510.0	85.5
over 3 years up to 4 years	550.0	510.0
over 4 years up to 5 years	42.0	550.0
over 5 years up to 10 years	235.5	237.5
over 10 years	415.5	452.1
Total	**1,881.5**	**2,003.1**
Cover assets Public Pfandbriefe with a residual fixed interest period of		
up to 6 months	128.4	151.1
over 6 months up to 12 months	147.2	490.3
over 12 months up to 18 months	97.0	120.2
over 18 months up to 2 years	267.7	95.6
over 2 years up to 3 years	632.5	220.6
over 3 years up to 4 years	367.4	257.5
over 4 years up to 5 years	170.2	183.3
over 5 years up to 10 years	254.1	422.5
over 10 years	198.6	455.6
Total	**2,263.2**	**2,396.7**

Other cover assets I €m	31.12.2015	31.12.2014
Germany		
Equalisation claims as defined by Art. 20 (2) no. 1 Pfandbriefgesetz	–	–
Loans as defined by Art. 20 (2) no. 2 Pfandbriefgesetz	–	–
of which covered bonds as defined by Art. 129 of EU Regulation 575/2013	–	–
Total	**–**	**–**

Size categoriesI €m	31.12.2015	31.12.2014
up to €10m	19.5	343.3
over €10m up to €100m	581.4	1,887.0
over €100m	1,662.3	166.3
Total	**2,263.2**	**2,396.7**

Registered office of borrowers or guarantors | €m	31.12.2015	31.12.2014
Countries	**1,081.6**	**1,170.1**
Germany	1,081.6	1,170.1
of which receivables from export credit agencies	961.3	–
Regional authorities	**1,060.8**	**811.6**
Belgium	69.0	–
Germany	709.6	612.0
France, including Monaco	48.8	–
Switzerland	138.4	199.6
Spain	95.0	–
Local authorities	**12.0**	**–**
France including Monaco	12.0	–
Other borrowers with registered office in	**108.8**	**415.0**
Belgium	25.0	–
Germany	25.0	365.0
Austria	49.0	25.0
Supranational organisations	9.8	25.0
Total	**2,263.2**	**2,396.7**
Other cover assets as defined by Art. 20 (2) Pfandbriefgesetz	**–**	–
Total	**2,263.2**	**2,396.7**

Foreign currency | €m	31.12.2015	31.12.2014
Net present value in Swiss francs	149.0	254.9
Net present value in US dollars	88.6	103.2
Total	**237.6**	**358.1**

Interest structure | %	31.12.2015	31.12.2014
Share of fixed-income cover assets	40.2	32.8
Share of fixed-income Pfandbriefe	97.6	97.8

Limit breaches | €m	31.12.2015	31.12.2014
Total amount of loans that exceed the limits defined by Art. 20 (2) PfandBG	–	–

Payments in arrear | €m	31.12.2015	31.12.2014
Total payments overdue by at least 90 days	–	–
Total amount of these receivables where the arrears represent at least 5% of the receivable concerned	–	–

(42) Ship Pfandbriefe

€m	31.12.2015			31.12.2014		
Cover calculation ship Pfandbriefe	**Nominal value**	**Net present value**	**Risk-adjusted net present value**	**Nominal value**	**Net present value**	**Risk-adjusted net present value**
Liabilities to be covered	1,496.6	1,694.5	1,694.9	2,242.5	2,503.6	2,510.1
of which Pfandbriefe outstanding	1,377.3	1,574.4	1,573.5	2,074.0	2,330.2	2,336.7
of which derivatives[1]	119.4	120.1	121.4	168.5	173.4	173.4
Cover assets	1,898.7	1,992.7	1,996.2	2,590.0	2,722.2	2,725.0
of which cover loans	1,823.7	1,917.5	1,920.9	2,515.0	2,646.8	2,649.7
of which cover assets as defined by Art. 26 (1) no. 2, 3, 4 PfandBG	75.0	75.3	75.3	75.0	75.4	75.3
of which derivatives[1]	–	–	–	–	–	–
Risk-adjusted net present value after interest rate stress test			301.3			215.0
Loss from currency stress test			–142.0			–33.8
Cover surplus	**402.1**	**298.3**	**159.3**	**347.5**	**218.6**	**181.2**

[1] Exclusively to hedge currency risks.

€m	31.12.2015	31.12.2014
Ship Pfandbriefe outstanding with a residual term of		
up to 6 months	133.2	65.0
over 6 months up to 12 months	96.9	123.0
over 12 months up to 18 months	260.0	628.2
over 18 months up to 2 years	140.0	101.9
over 2 years up to 3 years	78.0	400.0
over 3 years up to 4 years	121.2	78.0
over 4 years up to 5 years	187.5	121.2
over 5 years up to 10 years	310.9	424.8
over 10 years	49.6	131.9
Total	**1,377.3**	**2,074.0**
Cover assets Ship Pfandbriefe with a residual fixed interest period of		
up to 6 months	1,898.7	2,572.0
over 6 months up to 12 months	–	14.1
over 12 months up to 18 months	–	3.7
over 18 months up to 2 years	–	0.2
Total	**1,898.7**	**2,590.0**

Other cover assets | €m	31.12.2015	31.12.2014
Germany		–
Equalisation claims as defined by Art. 26 (1) no. 2 Pfandbriefgesetz	–	–
Loans as defined by Art. 26 (1) no. 3 Pfandbriefgesetz	–	75.0
of which covered bonds as defined by Art. 129 of EU Regulation 575/2013	–	–
Loans as defined by Art. 26 (1) no. 4 Pfandbriefgesetz	75.0	–
Total	**75.0**	**75.0**

Size categories | €m	31.12.2015	31.12.2014
Up to €0.5m	2.2	2.0
over €0.5m up to €5m	433.5	710.7
More than €5m	1,388.0	1,802.3
Total	**1,823.7**	**2,515.0**

Country in which the mortgaged vessel or vessel under construction is registered | €m	31.12.2015	31.12.2014
Ocean going vessels	**1,823.7**	**2,515.0**
Antigua and Barbuda	6.1	7.8
Bahamas	99.2	124.3
Germany	805.3	967.1
Gibraltar	0.9	1.0
Greece	115.3	194.7
Great Britain	20.7	25.1
Hong Kong	55.1	88.0
Isle of Man	54.9	57.5
Italy	–	61.1
Liberia	138.1	220.9
Malta	186.2	231.9
Marshall Islands	188.0	250.4
Netherlands	26.8	41.9
Norway	20.0	38.5
Panama	29.1	70.2
Singapore	14.3	23.2
Turkey	6.6	7.1
Cyprus	57.1	104.3
Inland waterway vessels	**–**	**–**
Total	**1,823.7**	**2,515.0**

Foreign currency | €m	31.12.2015	31.12.2014
Net present value in Swiss francs	13.9	33.9
Net present value in Japanese yen	43.3	49.5
Net present value in US dollars	715.2	16.1
Total	**772.4**	**99.5**

Interest structure | %	31.12.2015	31.12.2014
Share of fixed-income cover assets	0.7	0.6
Share of fixed-income Pfandbriefe	87.8	67.4

Limit breaches | €m	31.12.2015	31.12.2014
Total amount of loans that exceed the limits defined by Art. 26 (1) PfandBG	–	–

Foreclosure sales | Number	2015			2014		
	Inland waterway vessels	Ocean going vessels	Total	Inland waterway vessels	Ocean going vessels	Total
Completed	–	–	–	–	2	2
Pending	–	–	–	–	–	–

Acquisition of ships or of ships under construction

As in the previous year, Commerzbank Aktiengesellschaft did not acquire any ships as a loss prevention measure. Hanseatic Ship Asset Management GmbH, which was sold on 1 October 2015, acquired two ships during the year under review.

Payments in arrears

The nominal value of the loan receivables used to cover for ship Pfandbriefe was €1,823.7m (previous year: €2,515.0m). This does not include arrears of principal and interest, as principal payments cease to be included in the cover calculation, and interest is not treated as a cover asset, after the due date.

Payments in arrears in excess of the cover amount stood at €21.3m (previous year: n.a.). Receivables where the arrears represented at least 5% of the receivable concerned amounted to €98.5m in total (previous year: n.a.).

(43) 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	25	2	
Aspiro S.A.	Lodz, Poland	100.0	PLN	273,387	197,052	
ASTUTIA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0	EUR	3,825	–	a)
Atlas Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main, Germany	100.0	EUR	319,189	–	a)
BDH Development Sp. z o.o.	Lodz, Poland	100.0	PLN	92,674	–4,649	
Bridge Re Limited	Hamilton, Bermuda	100.0	USD	564	140	
CB Building Kirchberg GmbH	Düsseldorf, Germany	100.0	EUR	8,510	2,005	
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	65,768	6,378	
CFB-Fonds Transfair GmbH	Düsseldorf, Germany	100.0	EUR	1,176	–	a)
CIMONUSA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0	EUR	12,936	–	1) a)
Coba Vermögensverwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0	EUR	26	–	a)
comdirect bank Aktiengesellschaft	Quickborn, Germany	81.3	EUR	467,084	55,624	
Commerz (East Asia) Limited	Hongkong, Hongkong	100.0	EUR	4,137	1,198	
Commerz Asset Management Asia Pacific Pte Ltd	Singapore, Singapore	100.0	SGD	26,814	–1,167	
Commerz Bankenholding Nova GmbH	Frankfurt/Main, Germany	100.0	EUR	1,416,644	–	a)
Commerz Business Consulting GmbH	Frankfurt/Main, Germany	100.0	EUR	–660	–	a)
Commerz Direktservice GmbH	Duisburg, Germany	100.0	EUR	–1,104	–	a)
Commerz Equipment Leasing Limited	London, United Kingdom	100.0	GBP	0	0	
Commerz Funds Solutions S.A.	Luxembourg, Luxembourg	100.0	EUR	10,735	3,528	
Commerz Grundbesitz Beteiligungs-gesellschaft mbH & Co. KG	Frankfurt/Main, Germany	90.0	EUR	14,740	–1,476	
Commerz Markets LLC	Wilmington, Delaware, USA	100.0	USD	516,762	32,272	
Commerz Pearl Limited	London, United Kingdom	100.0	GBP	23	3	
Commerz Property GmbH & Co. Hamburg KG	Frankfurt/Main, Germany	100.0	EUR	6,116	1,556	
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 Fonds Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0	EUR	151	–	a)
Commerz Real Investmentgesellschaft mbH	Wiesbaden, Germany	100.0	EUR	21,968	–	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 Hong Kong Limited	Hongkong, Hongkong	100.0	EUR	10,917	342	
Commerz Services Holding GmbH	Frankfurt/Main, Germany	100.0	EUR	14,929	–	a)
Commerz Systems GmbH	Frankfurt/Main, Germany	100.0	EUR	5,560	–	a)
Commerz Transaction Services Finance GmbH	Halle (Saale), Germany	100.0	EUR	1,550	–	a) b)
Commerz Transaction Services Mitte GmbH	Erfurt, Germany	100.0	EUR	2,150	–	a) b)
Commerz Transaction Services Nord GmbH	Magdeburg, Germany	100.0	EUR	1,439	–	a) b)
Commerz Transaction Services Ost GmbH	Halle (Saale), Germany	100.0	EUR	1,550	–	a) b)

Name	Registered office	Share of capital held %	Currency	Equity 1,000	Net profit or loss 1,000	
Commerz Transaction Services West GmbH	Hamm, Germany	100.0	EUR	885	–	a) b)
Commerzbank (Eurasija) SAO	Moscow, Russia	100.0	RUB	12,494,116	2,402,953	
Commerzbank Asset Management Asia Ltd.	Singapore, Singapore	100.0	SGD	1,892	–46	
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	0	0	
Commerzbank Finance 3 S.à.r.l.	Luxembourg, Luxembourg	100.0	EUR	770	–15	
Commerzbank Finance BV	Amsterdam, Netherlands	100.0	EUR	1,311	80	
Commerzbank Finance Limited	London, United Kingdom	100.0	GBP	227,952	60,094	
Commerzbank Holdings (UK) Limited	London, United Kingdom	100.0	GBP	15,882	30,585	
Commerzbank Holdings France	Paris, France	100.0	EUR	76,581	–627	
Commerzbank Immobilien- und Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main, Germany	100.0	EUR	462,597	–	a)
Commerzbank Inlandsbanken Holding GmbH	Frankfurt/Main, Germany	100.0	EUR	2,312,109	–	a)
Commerzbank International S.A.	Luxembourg, Luxembourg	100.0	EUR	323,234	–1,432	
Commerzbank Leasing 2 S.à.r.l.	Luxembourg, Luxembourg	100.0	GBP	19,094	15,217	
Commerzbank Leasing 4 S.e.n.c.	Luxembourg, Luxembourg	100.0	GBP	45	–4,830	2)
Commerzbank Leasing 5 S.e.n.c.	Luxembourg, Luxembourg	100.0	GBP	123	–10,257	3)
Commerzbank Leasing 6 S.à.r.l.	Luxembourg, Luxembourg	100.0	GBP	111	0	
Commerzbank Leasing December (1) Limited	London, United Kingdom	100.0	GBP	334	–10	
Commerzbank Leasing December (12) Limited	London, United Kingdom	100.0	GBP	551	24	
Commerzbank Leasing December (13) Limited	London, United Kingdom	100.0	GBP	0	0	
Commerzbank Leasing December (26) Limited	London, United Kingdom	100.0	GBP	0	0	
Commerzbank Leasing December (3) Limited	London, United Kingdom	100.0	GBP	681	–82	
Commerzbank Leasing Holdings Limited	London, United Kingdom	100.0	GBP	1,028	–2,741	
Commerzbank Leasing Limited	London, United Kingdom	100.0	GBP	1,378	129	
Commerzbank Leasing March (3) Limited	London, United Kingdom	100.0	GBP	353	217	
Commerzbank Leasing September (5) Limited	London, United Kingdom	100.0	GBP	38	6	
Commerzbank Securities Ltd	London, United Kingdom	100.0	GBP	10	0	
Commerzbank Securities Nominees Limited	London, United Kingdom	100.0	GBP	0	0	
Commerzbank U.S. Finance, Inc.	Wilmington, Delaware, USA	100.0	USD	338	2	
Commerzbank Zrt.	Budapest, Hungary	100.0	HUF	27,779,035	762,229	
CommerzFactoring GmbH	Mainz, Germany	50.1	EUR	977	–	a)
CR KaiserKarree Holding S.a.r.l.	Luxembourg, Luxembourg	100.0	EUR	–42,955	–5,918	
Dom Maklerski mBanku S.A.	Warsaw, Poland	100.0	PLN	133,482	22,320	
Dresdner Capital LLC I	Wilmington, Delaware, USA	100.0	USD	715,453	–38,810	
Dresdner Capital LLC IV	Wilmington, Delaware, USA	100.0	JPY	6,112,976	–319,943	
Dresdner Kleinwort & Co. Holdings, Inc.	Wilmington, Delaware, USA	100.0	USD	51,921	–13,958	
Dresdner Kleinwort Capital Inc.	Wilmington, Delaware, USA	100.0	USD	11,717	6	
Dresdner Kleinwort do Brasil Limitada	Rio de Janeiro, Brazil	100.0	BRL	–32,074	–177	
Dresdner Kleinwort EIV Manager, Inc.	Wilmington, Delaware, USA	100.0	USD	–18	0	
Dresdner Kleinwort Finance Inc.	Wilmington, Delaware, USA	100.0	USD	3,488	62	
Dresdner Kleinwort Flags Inc.	Wilmington, Delaware, USA	100.0	USD	140,478	–1	
Dresdner Kleinwort Group Holdings, LLC	Wilmington, Delaware, USA	100.0	USD	329,414	–1	
Dresdner Kleinwort Group LLC	Wilmington, Delaware, USA	100.0	USD	394,664	–1	
Dresdner Kleinwort Holdings II, Inc.	Wilmington, Delaware, USA	100.0	USD	2,153	188	
Dresdner Kleinwort Holdings LLC	Wilmington, Delaware, USA	100.0	USD	26,424	–13,772	
Dresdner Kleinwort LLC	Wilmington, Delaware, USA	100.0	USD	34,162	–1	
Dresdner Kleinwort Luminary Inc.	Wilmington, Delaware, USA	100.0	USD	741,434	4,456	

Name	Registered office	Share of capital held %	Currency	Equity 1,000	Net profit or loss 1,000	
Dresdner Kleinwort Moon LLC	Wilmington, Delaware, USA	100.0	USD	15,384	−3,599	
Dresdner Kleinwort Services (Guernsey) Limited	St. Peter Port, Guernsey	100.0	GBP	2	0	
Dresdner Kleinwort Wasserstein Securities (India) Private Limited	Mumbai, India	75.0	INR	13,209	238	
Dresdner Lateinamerika Aktiengesellschaft	Hamburg, Germany	100.0	EUR	30,840	–	a)
DSB Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main, Germany	100.0	EUR	217,088	–	a)
EHY Real Estate Fund I, LLC	Wilmington, Delaware, USA	100.0	USD	−3,465	−33	
Entertainment Asset Holdings C.V.	Amsterdam, Netherlands	58.2	USD	0	0	
Entertainment Asset Holdings GP B.V.	Amsterdam, Netherlands	100.0	USD	−681	−119	
Erste Europäische Pfandbrief- und Kommunalkreditbank Aktiengesellschaft in Luxembourg	Luxembourg, Luxembourg	100.0	EUR	757,178	79,608	
Eschborn Capital LLC	Wilmington, Delaware, USA	100.0	USD	7,315	−964	
Eurohypo Capital Funding LLC II	Wilmington, Delaware, USA	100.0	EUR	4	0	
Eurohypo Capital Funding Trust II	Wilmington, Delaware, USA	100.0	EUR	1	0	
European Bank for Financial Services GmbH	Aschheim, Germany	100.0	EUR	33,310	6,510	
FABA Vermietungsgesellschaft mbH	Frankfurt/Main, Germany	100.0	EUR	26	–	a)
Felix (CI) Limited	George Town, Cayman Islands	100.0	GBP	26	0	
Film Library Holdings LLC	Wilmington, Delaware, USA	51.0	USD	14,250	2,672	
Frega Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main, Germany	100.0	EUR	27,405	27,374	
Garbary Sp. z.o.o.	Poznan, Poland	100.0	PLN	43,297	−2,089	
GRAMOLINDA Vermietungsgesellschaft mbH	Grünwald, Germany	50.0	EUR	1	−25	
GRAMOLINDA Vermietungsgesellschaft mbH & Co. Objekt Frankfurt KG	Grünwald, Germany	94.0	EUR	−26	17	
Greene Elm Trading I LLC	Wilmington, Delaware, USA	100.0	USD	6,320	95	
Greene Elm Trading II LLC	Wilmington, Delaware, USA	100.0	USD	10,390	171	
Greene Elm Trading III LLC	Wilmington, Delaware, USA	100.0	USD	10,884	183	
Greene Elm Trading IV LLC	Wilmington, Delaware, USA	100.0	USD	9,456	146	
Greene Elm Trading V LLC	Wilmington, Delaware, USA	100.0	USD	100,000	−13,508	
Greene Elm Trading VI LLC	Wilmington, Delaware, USA	100.0	USD	11,758	185	
Gresham Leasing March (1) Limited	London, United Kingdom	100.0	GBP	0	0	
Gresham Leasing March (2) Limited	London, United Kingdom	25.0	GBP	2,495	30	
Groningen Urban Invest B.V.	Amsterdam, Netherlands	100.0	EUR	0	0	
Herradura Ltd	London, United Kingdom	100.0	GBP	5	0	
Hurley Investments No.3 Limited	George Town, Cayman Islands	100.0	GBP	0	0	
Hypothekenbank Frankfurt AG	Eschborn, Germany	100.0	EUR	4,973,320	–	a)
Kommanditgesellschaft MS “CPO ALICANTE” Offen Reederei GmbH & Co.	Hamburg, Germany	90.0	EUR	18,559	−1,869	b)
Kommanditgesellschaft MS “CPO ANCONA” Offen Reederei GmbH & Co.	Hamburg, Germany	77.5	EUR	34,975	−649	b)
Kommanditgesellschaft MS “CPO BILBAO” Offen Reederei GmbH & Co.	Hamburg, Germany	90.0	EUR	17,062	−1,892	b)
Kommanditgesellschaft MS “CPO MARSEILLE” Offen Reederei GmbH & Co.	Hamburg, Germany	77.5	EUR	31,061	4,785	b)
Kommanditgesellschaft MS “CPO PALERMO” Offen Reederei GmbH & Co.	Hamburg, Germany	73.9	EUR	43,007	2,939	b)
Kommanditgesellschaft MS “CPO TOULON” Offen Reederei GmbH & Co.	Hamburg, Germany	90.0	EUR	28,737	−5,888	b)
Kommanditgesellschaft MS “CPO VALENCIA” Offen Reederei GmbH & Co.	Hamburg, Germany	90.0	EUR	18,988	853	b)
LUGO Photovoltaik Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0	EUR	−7,740	2,992	
Marylebone Commercial Finance (2)	London, United Kingdom	100.0	GBP	0	0	

Name	Registered office	Share of capital held %	Currency	Equity 1,000	Net profit or loss 1,000	
mBank Hipoteczny S.A.	Warsaw, Poland	100.0	PLN	770,557	11,585	
mBank S.A.	Warsaw, Poland	69.5	PLN	11,899,652	1,268,660	
mCentrum Operacji Sp. z o.o.	Lodz, Poland	100.0	PLN	34,803	–64	
MERKUR Grundstücks GmbH	Frankfurt/Main, Germany	100.0	EUR	8,735	–	a)
mFaktoring S.A.	Warsaw, Poland	100.0	PLN	59,410	–27,124	
mFinance France S.A.	Paris, France	100.0	EUR	447	–2	
mLeasing Sp. z o.o.	Warsaw, Poland	100.0	PLN	275,783	46,067	
mLocum S.A.	Lodz, Poland	80.0	PLN	163,142	14,540	
MOLARIS Verwaltungs- und Vermietungsgesellschaft mbH	Düsseldorf, Germany	25.0	EUR	664	2,255	
mWealth Management S.A.	Warsaw, Poland	100.0	PLN	43,243	22,090	
NAVIPOS Schiffsbeteiligungsgesellschaft mbH	Hamburg, Germany	100.0	EUR	11,977	11,778	b)
Netherlands Urban Invest B.V.	Amsterdam, Netherlands	100.0	EUR	0	0	
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekte Plön und Preetz KG	Düsseldorf, Germany	90.0	EUR	–148	77	
NOVELLA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	EUR	11,176	–	a)
Number X Bologna S.r.l.	Milan, Italien	100.0	EUR	0	0	
Number X Real Estate GmbH	Eschborn, Germany	100.0	EUR	3,403	–7,500	
OLEANDRA Grundstücks-Vermietungs-gesellschaft mbH & Co. Objekt Luna KG	Grünwald, Germany	100.0	EUR	5,988	2,156	
Pisces Nominees Limited	London, United Kingdom	100.0	GBP	0	0	
REFUGIUM Beteiligungsgesellschaft mbH	Grünwald, Germany	100.0	EUR	8,964	366	
Rood Nominees Limited	London, United Kingdom	100.0	GBP	0	0	
Rook Finance LLC	Wilmington, Delaware, USA	100.0	USD	92,313	240	
SECUNDO Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0	EUR	5,811	–	a)
Service-Center Inkasso GmbH Düsseldorf	Düsseldorf, Germany	100.0	EUR	241	–	a)
Sterling Energy II LLC	Wilmington, Delaware, USA	100.0	USD	69,239	–5,039	
Sterling Energy LLC	Wilmington, Delaware, USA	100.0	USD	134,172	–545	
Tele-Tech Investment Sp. z.o.o.	Warsaw, Poland	100.0	PLN	510	–138	
Thurlaston Finance Limited	George Town, Cayman Islands	100.0	GBP	0	0	
TOMO Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main, Germany	100.0	EUR	22,778	–	a)
Twins Financing LLC	Dover, Delaware, USA	60.0	USD	14,028	2,995	
Urban Invest Holding GmbH	Eschborn, Germany	100.0	EUR	11,497	–1,896	
Watling Leasing March (1)	London, United Kingdom	100.0	GBP	0	0	
WebTek Software Private Limited	Bangalore, India	100.0	INR	197,890	–16,675	
Wilmots Leasing AB	Stockholm, Sweden	100.0	SEK	50	0	
Yarra Finance Limited	George Town, Cayman Islands	100.0	GBP	0	0	
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	201,032	14,125
Argor-Heraeus S.A.	Mendrisio, Switzerland	32.7	CHF	161,662	19,936
Capital Investment Trust Corporation	Taipeh, Taiwan	24.0	TWD	3,582,389	445,760
Commerz Finanz GmbH	Munich, Germany	49.9	EUR	852,718	90,635
Commerz Unternehmensbeteiligungs-Aktiengesellschaft	Frankfurt/Main, Germany	40.0	EUR	91,787	4,579
COMUNITHY Immobilien GmbH	Düsseldorf, Germany	49.9	EUR	536	−213
DTE Energy Center, LLC	Wilmington, Delaware, USA	50.0	USD	91,904	11,539
HAJOBANTA GmbH & Co. Asia Opportunity I KG	Düsseldorf, Germany	21.0	EUR	101,569	−4,156
ILV Immobilien-Leasing Verwaltungsgesellschaft Düsseldorf mbH	Düsseldorf, Germany	50.0	EUR	6,017	−20,630

c) Jointly controlled entities

Name	Registered office	Share of capital held %	Currency	Equity 1,000	Net profit or loss 1,000
Apartamenty Molo Rybackie Sp. z o.o.	Gdynia, Poland	50.0	PLN	15,674	−326
Delphi I LLC	Wilmington, Delaware, USA	33.3	EUR	−491,719	−18,691
FV Holding S.A.	Brussels, Belgium	60.0	EUR	1,250	−59
Kaiserkarree S.a.r.l.	Luxembourg, Luxembourg	50.0	EUR	23,321	−15,233

d) Investments in large corporations where the investment exceeds 5% of the voting rights

Name	Registered office	Share of capital held %	Voting Rights %
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 Commerz Real Immobilien GmbH to CIMONUSA Beteiligungsgesellschaft mbH
2)	Renamed:	from Commerzbank Leasing 4 S.à.r.l. to Commerzbank Leasing 4 S.e.n.c.
3)	Renamed:	from Commerzbank Leasing 5 S.à r.l. to Commerzbank Leasing 5 S.e.n.c.

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 31.12.2015		
Brazil	BRL	4,3117
United Kingdom	GBP	0,7340
India	INR	72,0215
Japan	JPY	131,0700
Poland	PLN	4,2639
Russia	RUB	80,6736
Sweden	SEK	9,1895
Switzerland	CHF	1,0835
Singapore	SGD	1,5417
Taiwan	TWD	35,8196
Hungary	HUF	315,9800
USA	USD	1,0887

(44) Seats on supervisory boards and similar bodies

Members of the Board of Managing Directors of Commerzbank Aktiengesellschaft

Information pursuant to Art. 285, no. 10, of the German Commercial Code (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

mBank S.A.[1]

Frank Annuscheit

a) BVV Versicherungsverein des Bankgewerbes a.G.
Deputy Chairman

comdirect bank Aktiengesellschaft[1]
Deputy Chairman

b) BVV Versorgungskasse des Bankgewerbes e.V.
Deputy Chairman

Commerz Services Holding GmbH[1]
Chairman

Markus Beumer

a) ABB AG

b) DAW SE

Dr. Marcus Chromik
(since 1.1.2016)

b) mBank S.A.[1]
(since 1.1.2016)

Stephan Engels

a) Hypothekenbank Frankfurt AG[1]
Deputy Chairman

b) CommerzVentures GmbH[1]
Deputy Chairman

mBank S.A.[1]

Michael Reuther

a) RWE Power AG

b) EUREX Deutschland AöR

Frankfurter Wertpapierbörse AöR

Landwirtschaftliche Rentenbank AöR

Verlagsbeteiligungs- und Verwaltungsgesellschaft mit beschränkter Haftung

Dr. Stefan Schmittmann
(until 31.12.2015)

a) Hypothekenbank Frankfurt AG[1]
Chairman

Schaltbau Holding AG

b) mBank S.A.[1]

Martin Zielke

a) comdirect bank Aktiengesellschaft[1]
Chairman

Commerz Real AG[1]
Chairman

b) Commerz Real Investmentgesellschaft mbH[1]
Chairman

mBank S.A.[1]
Deputy Chairman

Members of the Supervisory Board of Commerzbank Aktiengesellschaft

Information pursuant to Art. 285, no. 10, of the German Commercial Code (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
(until 31.12.2015)

b) 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
(until 30.4.2015)

a) ERGO Versicherungsgruppe AG[1]
Chairman

Munich Health Holding AG[1]
Chairman

Gunnar de Buhr

– –

Stefan Burghardt

– –

Sabine U. Dietrich
(since 30.4.2015)

– –

Karl-Heinz Flöther

a) Deutsche Börse AG, Frankfurt/Main

Dr. Markus Kerber

a) KfW-Bankengruppe

b) Computershare Limited, Melbourne

Alexandra Krieger

a) AbbVie Komplementär GmbH

Evonik Resource Efficiency GmbH
(since 21.8.2015)

[1] Group mandate.

Oliver Leiberich

– –

Dr. Stefan Lippe

b) Acqupart Holding AG, Zug
Deputy Chairman

AXA S.A.

Celsius Pro AG
Chairman

Paperless AG
Chairman

Beate Mensch

a) Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft, Munich

Anja Mikus
(since 30.4.2015)

– –

Dr. Roger Müller

– –

Dr. Helmut Perlet

a) Allianz SE

GEA GROUP AG

Barbara Priester

– –

Mark Roach

– –

Petra Schadeberg-Herrmann
(until 30.4.2015)

a) Krones AG

b) Lindt & Sprüngli AG

Margit Schoffer

– –

Nicholas Teller

b) Air Berlin PLC & Co. Luftverkehrs-KG

Dr. Gertrude Tumpel-Gugerell

b) Finanzmarktbeteiligung Aktiengesellschaft des Bundes, Vienna

Österreichische Bundesbahnen Holding AG, Vienna

OMV Aktiengesellschaft, Vienna

Vienna Insurance Group AG, Vienna

Employees of Commerzbank Aktiengesellschaft

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

Dr. Marcus Chromik
(until 31.12.2015)

Düsseldorfer Hypothekenbank Aktiengesellschaft
(until 31.12.2015)

VALOVIS BANK AG
(until 31.12.2015)

Volker Ergler
Stadtwerke Viernheim GmbH

Gerold Fahr
Stadtwerke Ratingen GmbH
Chairman

Martin Fischedick
Borgers AG

Jörg van Geffen
Häfen und Güterverkehr Köln AG

Sven Gohlke
Bombardier Transportation GmbH

Christoph Heins
Commerz Real AG[1]

Jochen H. Ihler
Hüttenwerke Krupp Mannesmann GmbH

Marcus König

Städtische Werke Nürnberg Gesellschaft mit beschränkter Haftung

VAG Verkehrs-Aktiengesellschaft

Michael Kotzbauer
Hypothekenbank Frankfurt AG[1]

Werner Lubeley
TNT Express GmbH

Michael Mandel
Commerz Real AG[1]
Deputy Chairman

Schufa Holding AG

Fredun Mazaheri
VALOVIS BANK AG
(since 1.1.2016)

Dr. Annette Messemer
Commerz Real AG[1]

K+S Aktiengesellschaft

Stefan Nodewald
SCHWÄLBCHEN MOLKEREI Jakob Berz Aktiengesellschaft

Dr. Bettina Orlopp
Hypothekenbank Frankfurt AG[1]

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.

(45) 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
(until 30.4.2015)
Chairman of the Board of Managing Directors of Münchener Rückversicherungs- Gesellschaft Aktiengesellschaft

Gunnar de Buhr[1]
Employee of Commerzbank Aktiengesellschaft

Stefan Burghardt[1]
Mittelstandsbank Branch Manager Bremen Commerzbank Aktiengesellschaft

Sabine U. Dietrich
(since 30.4.2015)
Member of the Management Board BP Europe SE

Karl-Heinz Flöther
Independent corporate consultant

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
Entrepreneur

Beate Mensch[1]
Trade Union Secretary to United Services Union (Vereinte Dienstleistungsgewerkschaft ver.di) Hesse regional branch

Anja Mikus
(since 30.4.2015)
Chief Investment Officer Arabesque Asset Management Group

Dr. Roger Müller
General Counsel Deutsche Börse AG

Dr. Helmut Perlet
Chairman of the 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
(until 30.4.2015)
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
Chairman of the Advisory Board E. R. Capital Holding GmbH & Cie. KG

Dr. Gertrude Tumpel-Gugerell
Former member of the Executive Board of the European Central Bank

[1] Elected by the Bank's employees.

Board of Managing Directors

Martin Blessing
Chairman

Frank Annuscheit

Markus Beumer

Dr. Marcus Chromik
(since 1.1.2016)

Stephan Engels

Michael Reuther

Dr. Stefan Schmittmann
(until 31.12.2015)

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, 22 February 2016
The Board of Managing Directors

Martin Blessing

Frank Annuscheit

Markus Beumer

Marcus Chromik

Stephan Engels

Michael Reuther

Martin Zielke

Auditors' report

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 2015.

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 2015 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 2015. 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, 23 February 2016

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Clemens Koch	Helge Olsson
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

Significant subsidiaris and associates

Germany
comdirect bank AG, Quickborn
Commerz Finanz GmbH, Munich
Commerz Real AG, Eschborn
Hypothekenbank Frankfurt AG, Eschborn

Abroad
Commerzbank (Eurasija) SAO, Moscow
Commerzbank International S.A., Luxembourg[1]
Commerzbank Zrt., Budapest
Commerz Markets LLC, New York
Erste Europäische Pfandbrief- und Kommunalkreditbank Aktiengesellschaft in Luxemburg, Luxembourg
mBank S.A., Warsaw

[1] The company was disposed in the fourth quarter 2015 – the closing is still pending.

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
Abidjan, Addis Ababa, Almaty, Ashgabat, Baghdad, 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.

2016/2017 Financial calendar	
20 April 2016	Annual General Meeting
3 May 2016	Interim Report as at 31 March 2016
2 August 2016	Interim Report as at 30 June 2016
4 November 2016	Interim Report as at 30 September 2016
End-March 2017	Annual Report 2016

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The Group annual report
(in accordance with the International
Financial Reporting Standards)
appears in German and English.