

Commerzbank AG

Financial Statements and Management Report 2008

Commerzbank AG

Head Office
Kaiserplatz
Frankfurt am Main
www.commerzbank.com

Postal address

60261 Frankfurt am Main
Tel. +49 (0)69 / 136-20
Mail info@commerzbank.com

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

Contents

4	Management Report
4	Business and overall conditions
6	Earnings performance, assets and financial position
9	Remuneration Report
19	Information pursuant to Art. 289 (4)
20	Report on post-balance sheet date events
20	Outlook and opportunities report
24	Risk report
49	Profit and loss account
50	Balance sheet
52–80	Notes
52	General information
52	(1) Accounting principles
52	(2) Accounting and measurement policies
53	(3) Currency translation
53	(4) Change in accounting policies
54	Notes to the profit and loss account
54	(5) Revenues, by geographical market
54	(6) Auditors' fees
54	(7) Other operating income
54	(8) Other operating expenses
54	(9) Administrative and agency services
55	Notes to the balance sheet
55	(10) Remaining lifetimes of claims and liabilities
56	(11) Securities
56	(12) Relations with affiliated companies and equity investments
56	(13) Trust business
57	(14) Changes in book value of fixed assets
57	(15) Other assets
58	(16) Subordinated assets
58	(17) Repurchase agreements
58	(18) The Bank's foreign-currency position
58	(19) Security pledged for own liabilities
59	(20) Other liabilities
59	(21) Provisions
59	(22) Subordinated liabilities
60	(23) Profit-sharing certificates outstanding
61	(24) Equity
62	(25) Authorized capital
64	(26) Conditional capital
65	(27) Significant shareholder voting rights
65	(28) Treasury shares
67	Other notes
67	(29) Contingent liabilities
67	(30) Other commitments
67	(31) Other financial commitments
68	(32) Letter of comfort
69	(33) Forward transactions
70	(34) The Bank's staff
70	(35) Remuneration and loans to board members
74	(36) Corporate Governance Code
74	(37) Holdings in consolidated companies
75	(38) Seats on other boards
79	(39) Boards of Commerzbank Aktiengesellschaft
80	(40) Statement by the Management Board
81	Auditors' report
82	Commerzbank worldwide

Management Report of Commerzbank AG

Business and overall conditions

2008 saw the end of a boom in the global economy that had lasted for several years. The real estate crisis in the USA, which rapidly acquired the dimensions of a full-blown international financial crisis, was the main factor slowing the pace of expansion. This crisis exacerbated noticeably in the final months of the year – following the collapse of the US investment bank Lehman Brothers. Even intensive efforts by governments around the world to stabilize the financial system and the economy were unable to prevent the industrialized countries slipping into what is probably the worst recession since the Second World War. Economic growth in the emerging markets has also decelerated dramatically and some of their economies have also shrunk.

The collapse of the global economy has hit Germany particularly hard with its dependence on exports and the preponderance of the automobile and capital goods industries in the economy. GDP grew by an average of 1.3 % in 2008, declining since the spring after a good start to the year. In the autumn, the downward trend accelerated further and new orders for industry literally collapsed after years of strong upward momentum.

In view of the global economic crisis, government bonds with good ratings were the big winners while equities and commodities – despite a brief boom in the latter during the first half of the year – were last year's big losers. However, spreads in the bond markets have widened considerably. Demand for highly liquid paper with prime ratings increased steadily. The divergence of spreads applied not only to corporate bonds, where the worsening overall economic situation was increasingly priced in. Spreads also widened between eurozone government bonds. The downturn in the eurozone economy also put an end to the steep rise in the value of the euro. While it registered new highs against the dollar in the first half of the year, a downtrend set in in the autumn with the currency partially dipping to two-and-a-half year lows.

The ongoing escalation of the financial crisis was the predominant factor in the banking environment in 2008. Prompted by the ongoing decline in prices for securitized US real estate loans, banks around the world were forced to make historically high write-downs on their assets. This created financial difficulties for a large number of banks, leading to numerous mergers and state rescue programmes.

It was mainly in the USA that investment banks faced fundamental problems beginning with the spring of 2008: Bear Stearns was taken over by J.P. Morgan under the Fed's orchestration, and this was followed later by the takeover of investment bank Merrill Lynch by Bank of America, while Lehman Brothers was forced to declare bankruptcy in September. In October 2008, the US administration presented a USD 700bn rescue package, using the first tranche of USD 250bn to buy shares in the country's nine leading banks.

The private, but state-sponsored, mortgage banks Fannie Mae and Freddie Mac were brought under the control of the government with a USD 200bn aid package; Washington Mutual also lost its independence, as did the insurance company AIG, in return for payments totalling USD 125bn. Meanwhile the Californian real estate financier IndyMac, along with numerous regional banks, was forced to declare bankruptcy. The two remaining US investment banks, Morgan Stanley and Goldman Sachs, transformed themselves into normal commercial banks in September, thus effectively ending the original separation of investment and commercial banks that had been in existence in the USA since the Thirties but was extensively reformed in 1999. The two banks accordingly became subject to supervision by the Fed, in return gaining access to the state rescue package.

As a result of the lower levels of equity at many banks and the consequent uncertainty amongst investors, the interbank market came to a virtual standstill at times, with interbank rates climbing steeply to a level of over 5 % for 1-month Euribor at the beginning of October. The Fed and the ECB, the Bank of England and other central banks massively increased the supply of liquidity to the markets. At the same time the collateral criteria for central bank loans were eased and key interest rates drastically lowered – partially in concert with other central banks.

Numerous European countries, including the Netherlands, Belgium, France and Switzerland, gave support to their domestic banks. The UK nationalized the building societies Northern Rock and Bradford & Bingley. Iceland's Kaupthing Bank was also nationalized in October and shortly thereafter declared insolvent. Iceland later received financial support from the IMF. Many governments in Europe, as well as those of Japan and China, introduced extensive impetus packages.

In Germany, a large number of banks reported substantial losses from write-downs on financial investments. The federal government passed an aid package for banks in October, which provided for guarantees of up to €400bn and equity stakes of up to €80bn. It also announced a guarantee for all savings deposits. A series of banks received support from the public sector over the course of the year in the form of guarantees or equity. Other institutions, such as automobile finance companies, are considering participating in the scheme.

All of this makes 2008 one of the toughest years in the history of the banking sector. In a large number of European countries and in the USA it led to the public sector taking substantial stakes in banks while a large number of banks ceased to exist. At the same time, consolidation in the sector accelerated. In addition to takeovers that had been planned for some time, there were forced sales and mergers organized by the state. In addition, many financial institutions – often at a huge loss – made an effort to reduce their risk-weighted assets (“deleveraging”) in order to create more transparency and trust.

Commerzbank impacted by financial crisis

The difficult environment led to Commerzbank AG making a net loss in 2008. Investment Banking, Public Finance and Commercial Real Estate were particularly hard hit by the turmoil in the financial and real estate markets. By contrast, the Private Customers, Mittelstandsbank and Central and Eastern Europe segments all continued to perform well and achieved both a significant increase in new customers as well as good profitability.

We continued to pursue our international growth strategy: following the opening of a representative office in Panama City in December 2007, we added two more in 2008 in Nigeria’s capital city, Lagos, and in Turkmenistan. Commerzbank will shortly also become the first German bank to open a representative office in Libya,

We substantially strengthened our strategic position in Central and Eastern Europe in March 2008 by completing the acquisition of a majority stake in Bank Forum. We now hold 60 % plus one share in the Ukrainian bank, with the option to purchase up to another 25 % after 36 months.

The most important strategic move for Commerzbank last year was the decision to acquire Dresdner Bank AG. At the end of August we agreed together with Allianz SE that we would take over its share of Dresdner Bank in two stages. In order to partly finance the first stage of the acquisition Commerzbank carried out a highly successful capital increase in the third quarter, despite the difficult market conditions. At the end of November, Allianz and the Bank agreed to bring forward the complete takeover from the second half to the beginning of 2009. In the course of this transaction, Allianz received around €163.5 million new Commerzbank shares from a capital increase against non-cash contributions in January 2009, plus cash components amounting to €3.215bn. In addition, we sold our asset management company cominvest to Allianz. Since completion of the transaction we have held 100 % of the share capital of Dresdner Bank and have thus become Germany’s leading bank for private and corporate customers. Dresdner Bank will be merged into Commerzbank in the spring of 2009. On completing the takeover, however, we already created a single management structure in January. Since the beginning of February 2009, there have been negotiations with employee representatives on a reconciliation of interests and a social plan. Once these negotiations are over, a start can be made on the final implementation of the new organizational structure.

We also opened ten new branches in Hamburg in 2008, thereby considerably expanding Commerzbank’s service and advisory offering for private and business customers in the city region.

In view of the worsening financial crisis, Commerzbank decided in the fourth quarter to take advantage of the federal government’s programme to stabilize the financial markets in order to strengthen its capital base. The Special Fund Financial Market Stabilization (SoFFin) provided Commerzbank with a silent participation in the amount of €8.2bn, which is 100 % eligible as core capital. In addition, SoFFin has granted Commerzbank the option of a guarantee for bonds of up to €15bn. The two parties also agreed a lending programme to strengthen Germany’s small and medium-sized enterprises (SMEs). Under this programme, Commerzbank is making an additional €2.5bn in loans available to SMEs.

Earnings performance, assets and financial position

Commerzbank maintains roughly 820 branch offices in Germany, forming a comprehensive network from which to offer its retail and corporate customers a broad range of services and advisory activities. We also have subsidiaries active in specialized markets such as leasing and real estate. Outside of Germany, the Bank has 25 operational foreign branch offices, 28 representative offices and ten major subsidiaries, which focus primarily on corporate banking, although retail banking is also offered in select locations. An overview of the international branch offices is available on cover page 3 of this report.

Income statement

For the 2008 financial year Commerzbank Aktiengesellschaft made a net loss of €1,204m. Compared with the previous year's result of €657m this represented a decline of €1,861m. An amount equal to the net loss for 2008 was withdrawn from retained earnings so that distributable profit is €0 for the year. This ensures servicing of the hybrid capital and profit-sharing certificates. As we received assistance from the German government's financial markets stabilization programme we are not permitted to pay any dividends regardless of the earnings situation for the 2008 and 2009 financial years.

The decline versus the previous year's result is largely attributable to the impact of the financial market crisis and stems primarily from resultant direct and indirect impairment losses on investments in subsidiaries and associates and holdings in affiliated companies as well as from loss transfers under profit-and-loss transfer agreements.

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, investments in subsidiaries and associates and holdings in affiliated companies and as well as subsidiaries with profit-and-loss transfer agreements – was down by €418m year-on-year to €3,364m. This represented a decline of 11.1 %.

Interest income from lending, money market business, fixed-income securities and debt register claims increased by 8.3 % or €988m to €12.9bn. This increase was essentially the result of increased interest income from lending and money market transactions due to the higher average

business volume. Both lending and deposit volumes rose significantly in retail and corporate business in 2008. The rise in interest income was accompanied by an increase in interest expense of €628m.

Income from profit-and-loss transfer agreements with subsidiaries was down considerably by €782m. This trend is primarily due to the absence of profit transfers from Commerzbank Inlandsbanken Holding GmbH and the significant drop in profit transfers from Commerzbank Immobilien- und Vermögensverwaltungsgesellschaft mbH. The latter was attributable to lower earnings at Commerz Real AG.

Net commission income decreased from the previous year by 8.1 % or €154m to €1,756m. While commission income rose slightly, the costs of guarantee commissions in connection with credit default swaps as well as payments under service level agreements concluded with subsidiaries also both increased.

Net income from financial transactions primarily comprises Commerzbank AG's equity, fixed income, Group treasury and foreign exchange trading activities. This item posted a negative result of €-344m in 2008 following €212m in the previous year. The decline of €555m was primarily due to the fixed income and equity units. In particular fixed income, which combines the interest rate trading, credit trading and credit portfolio management units, suffered from the impact of the financial crisis and significant impairment charges were necessary.

The balance of other operating income and expenses came to €5m compared with €68m in 2007. Other operating income mainly resulted from the release of provisions not related to lending business, which consist predominantly of personnel cost accruals and provisions for litigation and recourse.

Despite an increase in the average number of staff from 23,263 to 23,686 we managed to reduce personnel expense from the previous year's level by €339m or 14.9 % to €1,932m. Salaries and wages dropped mainly as a result of reduced expenditure for bonuses and profit-sharing. However, other administrative expenses rose in 2008 from the previous year by 10.2 % to €1,471m. This development was driven in particular by higher marketing costs for our growth programmes – mostly for the free current account product – and rising consulting fees.

Current depreciation, amortization and impairments of intangible assets and fixed assets decreased by 24.6 % to €126m.

The expenses from assuming the losses of subsidiaries with profit-and-loss transfer agreements rose significantly on account of the financial market crisis from €12m in 2007 to €2,380m. The main factor here was the net loss of Commerzbank Inlandsbanken Holding GmbH, which we were required to offset. This in turn was essentially a direct consequence of having to assume the net loss of our subsidiary Eurohypo AG in 2008 and the impairment of the carrying value of our investment in this company.

In the year under review taxes came to €33m compared with €169m in the previous year.

Commerzbank AG balance sheet

The total assets of Commerzbank AG increased by 19.1 % or €61.9bn over the course of 2008 from €324.5bn to €386.4bn. This growth was primarily due to the expansion of lending and securities business. Claims on banks rose from the previous year by 21.9 % to €121.4bn and claims on customers by 8.5 % to €128.9bn.

Bonds and other fixed-income securities rose by 44.9 % to €85.4bn. These consisted mainly of bonds and debt securities but also to a lesser extent of money-market instruments.

Shares and other non-fixed-income securities were down by 48.7 %, amounting to €5.8bn at the end of the financial year, primarily as a result of systematically reducing the volume of securities in the trading portfolio.

Subsidiaries, associated companies and trade investments dropped by 29.2 % to €538m, mainly caused by impairments to the shares of Assicurazioni Generali S.p.A., Trieste, and Dedalus GmbH & Co. KGaA, Stuttgart.

Holdings in affiliated companies decreased slightly from €13.1bn to €12.8bn. Notable examples were the sale of our shares in Hypothekenbank in Essen AG to Eurohypo AG and its subsequent merger into Eurohypo. In addition, coincidentally with the entry in the Commercial Register, all shares of Eurohypo AG's minority shareholders were transferred to Commerzbank Inlandsbanken Holding GmbH, which means that we now wholly own Eurohypo AG.

In order to fund the higher lending volumes, we substantially increased liabilities to banks and customers, by 22.3 % to €135.6bn (banks) and by 22.9 % to €139.9bn (customers). In particular deposits from private and corporate customers rose significantly once again.

Securitized liabilities were only slightly higher than in 2007, rising by 3.0 % to €58.7bn.

Equity capital considerably strengthened

Subordinated liabilities were up 3.7 % year-on-year to €9.5bn, while profit-sharing certificates remained unchanged at the end of 2008 at €934m. There were significant changes in the various components of equity in 2008. Subscribed capital rose by 9.9 % to €1.9bn due to a capital increase for cash to partly finance Dresdner Bank AG. The capital reserve also grew as a result of this share issue by 15.9 % to €6.9bn. Silent participations amounted to €8.2bn at the end of the year. In view of the worsening financial crisis, in the fourth quarter of 2008 Commerzbank decided to take advantage of the federal government's financial markets stabilization programme in order to strengthen its capital base. The Special Fund Financial Market Stabilization (SoFFin) provided the Bank with a silent participation of €8.2bn. Retained earnings were down by 55.7 % to €957m due to a withdrawal to offset the net loss. Overall the changes in these components led to an increase in equity by 71.3 % to €17.9bn as of the balance sheet date.

Since 2007 the Bank has made use of the waiver rule of § 2a KWG, which means it only reports risk-weighted assets and capital ratios for the Group to the supervisory authority. Group risk assets were 11.6 % lower than a year earlier at €207.4bn. The core capital ratio, including the market risk and operational risk exposures, rose substantially from 6.9 % to 10.1 % due to higher equity and lower risk-weighted assets, while the total capital ratio went up from 10.8 % to 13.9 %.

Off-balance-sheet liabilities were significantly higher year-on-year: contingent liabilities rose by 15.5 % to €29.6bn and irrevocable lending commitments by 34.7 % to €47.8bn.

Corporate responsibility

Commitment to sustainability continued and developed

Commerzbank's new "Corporate Responsibility Report 2009" which gives a detailed account of 2007 and 2008 is scheduled to be published in autumn 2009. In the following overview we provide examples of our commitment to sustainability and report on current developments in this area.

Developments in the domestic and international financial markets had a major impact on 2008, particularly in the second half of the year. Commerzbank was and continues to be affected – as we explain in other sections of this report.

Nevertheless Commerzbank is still firmly committed to taking its corporate responsibility seriously and putting it into practice. It is our conviction that sustainable action can make a crucial contribution to enhancing the value and securing the future of Commerzbank.

Below we describe how we are fulfilling our responsibility towards our employees, society, the environment and our economic environment by providing individual examples of our activities.

Economy

Renewable energies We financed our first mid-sized projects in the field of renewable energies back in the 1980s. With its diversity of products and services, including in particular corporate and project financing along the entire value chain of renewable energy, Commerzbank is today one of Europe's leading banks in this sector. Our comprehensive expertise in financing renewable energies is concentrated in our centre of excellence. In 2008 we actively pursued the expansion of our competence centre and the internationalization of our business with a particular focus on Asia and the US.

Entrepreneurial Perspectives initiative The Entrepreneurial Perspectives initiative addresses current topics and issues that entrepreneurs in Germany face on a daily basis. The results of two studies in the past year "Climate protection – Opportunities and challenges for small and mid-sized companies" and "The changing values of business", which we published in collaboration with TNS Infratest, were discussed extensively in numerous dialogue events at our regional branches with entrepreneurs, business associations, politicians and academics. This initiative has created a mutually beneficial network for the participants.

Environment

Environmental management With our appointment of the first environmental manager at a major German bank in 1990, we heralded a new era in corporate environmental management. Today environmental protection is integrated in practically all our processes – such as building operation, structural engineering measures, procurement and logistics. In 2008 we developed an environmental management system which is being certified at the beginning of 2009.

Climate protection Commerzbank has identified strategic areas of action for itself to help limit the impact of climate change. One important area of activity is corporate environmental protection which includes continual efforts to reduce

our CO₂ emissions. To help achieve this goal Commerzbank increased the percentage of its electricity from renewable energy sources to 61 % of its total consumption throughout Germany in 2008. This percentage will be gradually increased to 100 %. A further strategic area of action is integrating the topic of climate change into our core business. We would like to use our financial services to make a sustainable contribution to climate protection, in particular by promoting renewable energies.

The "Internship for the Environment" Every year Commerzbank provides 50 students with the opportunity to complete an "Internship for the Environment", a three or six-month internship at a German national park, nature reserve or biosphere reserve. In the past 19 years, over 1,000 students have participated in an "Internship for the Environment". In 2007 the German UNESCO commission named this project an official "Decade Project" as part of the United Nations Decade of Education for Sustainable Development.

Society

The Commerzbank Foundation The endowment of the Commerzbank Foundation, which was founded in 1970, has grown to over 50 million euros since its inception. The funding policy has focused on three major areas: education and research, art and culture, and social projects. It generally supports nationwide, centralized institutions such as the Christian Association of Youth Villages, the Deutsche Stiftung Musikleben, a German foundation dedicated to music, and the Frankfurt School of Finance & Management. Grants provided by the endowment total around two million euros each year.

Encouraging volunteers Together with the German Olympic Sports Foundation (DOSCF), Commerzbank has been supporting volunteer work in sports since 2000. Because volunteering is an important pillar of our society, in 2007 Commerzbank expanded its activities to other areas of community life and entered into a co-operation with the National Network for Civil Society (BBE).

Campus of Excellence The Campus of Excellence initiative launched by Commerzbank in 2005 promotes networking between high-achieving school pupils, college and university students, outstanding managers and young journalists and contacts from higher education, research, professional associations and business. Now more than 70 partners support this initiative for excellence, which is currently the only one of its kind. Participants include well-known industrial

companies, colleges and universities, many regional and national partners and representatives from various European countries.

Our staff

We aim to be the best bank for our customers – and to achieve this we must also be the best bank for our employees. They are the ones who work with competence, dedication, reliability and a strong focus on service to make Commerzbank's success happen. This is why we are committed to offering our employees a working environment where they can identify and develop their skills to optimal advantage. The three units, Executive Support, Management Support and Talent Management, ensure that employees at all levels up to the Board of Managing Directors are successfully cared for in a manner specifically tailored to the target group.

The individuality of our staff enriches our corporate culture and is a major prerequisite for our success. The Bank has demonstrated for over 20 years that it does not just pay lip service to this concept. Evidence of this includes its signing of the Diversity Charter for Companies in Germany. Fairness and openness towards people with different life experiences, lifestyles and concepts have led to the Bank offering its employees a diversity of work relationships and providing them with support that often goes well beyond what is required by law and collective bargaining. Work-life balance is a good example. A host of flexible part-time working models is just one way of contributing to this. In 2008, the number of places in the Frankfurt day care centre Kids & Co. was increased by 50 to 170. A pilot project for a second day care centre has started in Düsseldorf with "Locomotion Kids". These centres are a major factor in enabling parents to return to work earlier and for longer hours. Another factor that is important to reconciling work and family life is the support available for the private care of close relatives. Last year a works agreement on the *Pflegezeitgesetz* (Home Care Leave Act) addressed this need with suitable measures.

Commerzbank proved again in 2008 that it fulfils its social responsibility in the professional training it provides. Over the last few years Commerzbank has continually raised the number of trainees subsequently hired in the organization, from over 600 in 2007 to roughly 700 in 2008. At the end of 2008 the Bank employed around 1,550 trainees, bringing the ratio of trainees to total staff to 7.6 %, one of the highest among the Dax 30 companies.

The number of employees at Commerzbank AG rose in 2008 by 3.4 % to 25,655, of which 2,211 were foreign staff. The fluctuation rate in Germany was 4.3 % following 3.7 % in 2007.

The biggest operation, as well as strategic, challenge for Human Resources in recent months has been without doubt the takeover of Dresdner Bank. Human Resources was closely involved in preparations for the integration from the outset, for instance in structuring and identifying candidates for the first and second levels of management at the new Commerzbank. In 2009, HR will again be actively supporting management in successfully shaping the integration process in the various business areas and teams and concluding Group-wide negotiations with employee representatives regarding the compensation agreement and social plan.

Summary of business performance in 2008

The worsening financial crisis severely impacted Commerzbank's results in 2008. We nevertheless continued to make good progress during the reporting period. In our core customer-oriented segments Private Customers, Mittelstandsbank and Central and Eastern Europe in particular we achieved significant rates of growth both in the number of customers and volume of deposits. With the takeover of Dresdner Bank we also laid the foundation for continued growth in future.

Remuneration Report

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

Board of Managing Directors

Principles of the remuneration system

The remuneration of the members of the Board of Managing Directors is made up of the following components: fixed remuneration, a variable performance-related bonus, long-term performance plans and pension commitments. The remuneration structure is based primarily on the situation and success of the Company as well as the performance of the Board. The current remuneration structure for members

of the Board of Managing Directors was decided by the Presiding Committee of the Supervisory Board in July 2004 and amended in November 2006 and February 2007. Since November 2008 the plenary Supervisory Board is responsible for determining and, where appropriate, amending the remuneration structure.

Commerzbank applied for funds from the Financial Market Stabilization Fund (SoFFin) at the end of 2008. SoFFin made the granting of these funds conditional upon the remuneration of members of the Bank's boards not exceeding €500,000 p.a. per member for the financial years 1 January 2008 to 31 December 2008 and 1 January 2009 to 31 December 2009 in respect of the duties performed for the Group (SoFFin Cap). The remuneration of board members whose board functions ended before conclusion of the framework agreement with SoFFin on 19 December 2008,¹ pension entitlements, remuneration components relating to periods ended before 1 January 2008 and non-cash elements of remuneration are not subject to this cap.

Fixed remuneration components

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

The basic salary, which is paid in twelve equal monthly amounts, is generally €760,000 for the Chairman of the Board of Managing Directors and €480,000 for the other members of the Board. Due to the conditions imposed by SoFFin, the basic salary of the chairman was reduced to a maximum of €500,000 for the financial years 2008 and 2009.

Non-cash remuneration which is not subject to the SoFFin limits consists primarily of the use of a company car, reimbursement of moving expenses and insurance contributions as well as any tax and social security contributions on these benefits. The specific amount of these benefits varies between the individual members of the Board depending on their personal situation.

Performance-related remuneration

Besides the fixed remuneration, members of the Board of Managing Directors receive a variable bonus based on the following key performance ratios: return on equity (RoE) before tax, the cost/income ratio (CIR) and operating earnings before tax (excluding extraordinary factors). Targets for each of these three equally-weighted parameters and a target bonus are set for the members of the Board of Managing

Directors; the bonus resulting from these inputs is limited to twice the target bonus. To reward the individual performance of members of the Board of Managing Directors and to take account of exceptional developments, the Presiding Committee may in addition raise or lower the bonus thus calculated by up to 20 %. The bonus for a financial year is paid out in the following year.

In view of the Bank's earnings no performance-related bonuses will be paid to the members of the Board of Managing Directors for the year 2008.

Remuneration for serving on the boards of consolidated subsidiaries

Payments received by the individual board members for serving on the boards of consolidated subsidiaries (Group mandates) are set off against the variable bonus in the following year. As no performance-related bonus is being paid for the financial year 2008 (see "Performance-related remuneration" above), it is not possible to set off the remuneration paid for Group mandates in 2008. The amounts paid in the financial year 2008 were largely due for work on the boards of consolidated subsidiaries in 2007. Further to an agreement with the SoFFin they are not subject to the cap. However, any remuneration for serving on the boards of Group companies paid in the financial years 2009 and 2010 will count in full towards remuneration subject to the SoFFin cap.

In the year 2008 members of the Board of Managing Directors were paid the following remuneration for serving on the boards of consolidated subsidiaries:

Remuneration for serving on the boards of consolidated subsidiaries (excluding VAT)	
in € 1,000	
Klaus-Peter Müller	119
Martin Blessing	43
Frank Annuscheit	23
Markus Beumer	18
Wolfgang Hartmann	77
Dr. Achim Kassow	246
Bernd Knobloch	20
Michael Reuther	78
Dr. Stefan Schmittmann	8
Dr. Eric Strutz	95
Nicholas Teller	14
Total	741

¹ Mr Teller stepped down from the Board on 31 May 2008 and Mr Knobloch on 30 September 2008. Mr Müller also resigned from his function as a member and Chairman of the Board of Managing Directors at the end of the 2008 AGM, but immediately thereafter took up his post as Chairman of the Supervisory Board of Commerzbank AG and was therefore a member of the boards of Commerzbank AG throughout 2008.

Long-term performance plans

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

Participation in the 2008 LTP counts towards the SoFFin cap based on the fair value at December 31, 2008. The potential remuneration stemming from participation in the 2008 LTP may deviate significantly from this fair value and – as with the 1999, 2000 and 2001 LTPs – may even be zero, as the final amount paid out is not fixed until the end of the term of each LTP. All members of the Board who originally took part in the 2008 LTP have since withdrawn the shares they invested from the 2008 LTP so that no board member can now receive payments from the 2008 LTP.²

Owing to the performance of the Commerzbank share price payments were made under the 2005 LTP in the year under review. This plan concluded with a payment of €40 per participating share. As this payment represents a long-term remuneration element for the financial year 2005, it does not fall under the SoFFin cap. Listed below are the payments to members of the Board of Managing Directors who participated in the 2005 LTP:

LTP 2005 ³	Number of participating shares	Amounts in € 1,000
Klaus-Peter Müller	5 000	200
Martin Blessing	2 500	100
Wolfgang Hartmann	2 500	100
Dr. Achim Kassow	2 500	100
Dr. Eric Strutz	2 500	100
Nicholas Teller	2 500	100

² The fair value of the 2008 LTP was €34.61 per share at the time of grant and €8.87 per share at December 31, 2008. Mr. Blessing originally participated in the 2008 LTP with 5,000 shares (fair value at grant date: €173,000, fair value at December 31, 2008: €44,000), Messrs. Annuscheit, Beumer, Hartmann, Dr. Kassow, Reuther and Dr. Strutz with 2,500 shares each (fair value at grant date: €87,000, fair value at December 31, 2008: €22,000). After the 2008 year-end all the board members withdrew the shares they had invested in the 2008 LTP and have so exited from the 2008 LTP. Messrs. Müller, Teller and Dr. Schmittmann were either no longer or not yet members of the Board at the relevant date of the 2008 LTP and therefore did not participate in it from the beginning. In the case of Mr. Knobloch his participation in the 2008 LTP ended with his departure from the Board of Managing Directors.

³ Messrs. Annuscheit, Beumer, Knobloch, Reuther and Dr. Schmittmann were not yet members of the Board at the relevant date. Mr. Annuscheit participated in the 2005 LTP before joining the Board by investing 1,000 shares and received a payment of €40,000 from this investment as a result.

Mr Knobloch additionally received a payment of €615,000 in the reporting year further to the 2004 Longfrist Incentive Plan of Eurohypo Aktiengesellschaft, which had been granted to him for his activities as Chairman of the Board of Managing Directors of Eurohypo Aktiengesellschaft.

Pensions

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

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

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

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

Pension payments to members of the Board of Managing Directors are raised by one percent p.a. from the date when they are first paid out. Under certain circumstances an

increase in excess of this level will be considered, but there is no automatic right to any such increase.

The following table lists the pension entitlements of the members of the Board of Managing Directors active in the financial year 2008:

Pension entitlements	Projected annual pension at pensionable age in € 1,000 (as of 31.12.2008) ⁴
Klaus-Peter Müller	456
Martin Blessing	304
Frank Annuscheit	144
Markus Beumer	144
Wolfgang Hartmann	192
Dr. Achim Kassow	192
Bernd Knobloch	144
Michael Reuther	144
Dr. Stefan Schmittmann	144
Dr. Eric Strutz	192
Nicholas Teller	192

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

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

Certain amounts received from a pension to which Mr Teller is entitled for his work in the Commerzbank Group prior to joining the Board of Managing Directors are set off against his pension.

The assets securing these pension obligations have been transferred under a contractual trust arrangement to Commerzbank Pension-Trust e.V. The pension provisions set aside under the regulations of the German Commercial Code (HGB) for defined benefit liabilities as at December 31, 2008 amounted to €8.7m for members of the Board of Managing Directors. In the year under review provisions of

€3.0m were set aside for the active members of the Board of Managing Directors. No assets were transferred to Commerzbank Pension-Trust e.V. in the year under review.

Change of control

In the event that a shareholder acquires at least a majority of the voting rights represented at the Annual General Meeting, or that an affiliation agreement is signed with Commerzbank as a dependent entity, or in the event of Commerzbank being merged or taken over (change of control), all members of the Board of Managing Directors are entitled to terminate their contracts of employment. If any member of the Board of Managing Directors utilizes this right to terminate their contract or if, in connection with the change of control, their membership of the Board ends for other reasons, they are entitled to compensation for the remainder of their term of office equal to 75 % of their average total annual pay (basic salary and variable bonus) plus a severance payment equal to their average total annual remuneration for two years. Depending on the board member's age and length of service on the Board, this severance payment increases to three⁵ times total annual remuneration. Taken together, the compensation and severance payment may not exceed the total average remuneration for five years. For board members who joined the board with effect from 2008⁶ the compensation and severance payment taken together may not exceed either average total annual remuneration for three years or 150 % of the total remuneration due for the residual term of office at the date of the termination of the employment contract. The compensation and severance payment taken together may in no case exceed the average total annual remuneration for the period up until a board member's 65th birthday. With regard to retirement benefits and long-term performance plans, members of the Board of Managing Directors are generally treated as if they had remained on the Board of Managing Directors until the end of their current term of office. There is no entitlement to severance pay if members of the Board of Managing Directors receive payments in connection with the change of control from the majority shareholder, the controlling company or the new legal entity in the event of a merger or acquisition.

⁴The amounts are based on the current term of office of the individual board members and assume that the pension, except in cases of incapacity to work, will not be drawn until a member's 62nd birthday and that the member will remain on the board until the pension is due.

⁵Hartmann, Knobloch

⁶Annuscheit, Beumer, Dr. Schmittmann

Other regulations

The contracts of employment of members of the Board of Managing Directors always end automatically with the end of their term of office. In derogation of this, those members who joined Commerzbank's Board of Managing Directors before 2002 will, in the event of the premature ending of their term of office – except in the case of termination for grave cause – be released from the remaining term of their contract of employment and will continue to receive their basic salary for the remainder of their term of office.⁷ If a contract of employment is not extended at the end of a term of office, without there being grave cause for termination, the members of the Board of Managing Directors concerned will continue to receive their basic salary for a further six months. Members of the Board of Managing Directors who were appointed to the Board before 2004⁸ receive their basic salary in such cases for a further twelve months from the end of their second term of office. This continuation of salary ceases if members of the Board receive payments under the regulations set out above in the section headed Pensions.

The contracts of employment of Messrs. Müller and Teller were terminated at the date of their departure from the board. Mr. Teller received a payment of €562,000 as lump sum pro rata variable bonus for the year 2008 against which his remuneration for services on the boards of consolidated subsidiaries is offset. Furthermore, neither Mr. Müller nor Mr. Teller have received payments under their contracts of employment for periods after termination of their membership of the Board of Managing Directors or as the result of a severance agreement. The entitlements set out in the section headed Pensions above remain.

Mr Knobloch received a one-off payment of €4.04m as compensation for his entitlement to basic salary, bonus and transitional pay for the period until his departure from the Board and for the remaining period of his contract of employment up until the regular end of his term of office. In addition he is entitled to use a company car for a period of one year after leaving the Board. In relation to the Dresdner Bank transaction he is also contractually entitled to a payment of €1.6m when the merger becomes effective.

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

⁷ Blessing, Hartmann

⁸ Blessing, Hartmann, Dr. Strutz

Summary

The following tables show the cash remuneration paid to individual members of the Board of Managing Directors for 2008 together with a comparison for 2007:

Cash remuneration for 2008 as defined by the SoFFin agreement					
Amounts in € 1,000		Basic salary	Variable remuneration ⁹	Fair value of 2008 LTP ¹⁰	Total cash remuneration
Klaus-Peter Müller ¹¹	2008 ¹²	317	–	–	317
	2007	760	1,709	–	2,469
Martin Blessing	2008	500	–	–	500
	2007	480	1,155	–	1,635
Frank Annuscheit	2008	480	–	–	480
	2007 ¹²	–	–	–	–
Markus Beumer	2008	480	–	–	480
	2007 ¹²	–	–	–	–
Wolfgang Hartmann	2008	480	–	–	480
	2007	480	794	–	1,274
Dr. Achim Kassow	2008	480	–	–	480
	2007	480	862	–	1,342
Bernd Knobloch	2008 ¹²	360	–	–	360
	2007	480	864	–	1,344
Michael Reuther	2008	480	–	–	480
	2007	480	1,072	–	1,552
Dr. Stefan Schmittmann	2008 ¹²	80	–	–	80
	2007	–	–	–	–
Dr. Eric Strutz	2008	480	–	–	480
	2007	480	988	–	1,468
Nicholas Teller	2008 ¹²	200	–	–	200
	2007	480	813	–	1,293
Total	2008	4,337	–	–	4,337
	2007¹³	4,120	8,257	–	12,377

⁹ Payable in the following year subject to approval of the annual financial statements. In 2007 the variable remuneration included €767,000 of payments already received for serving on the boards of consolidated companies. To improve comparability the next table shows compensation for these Group mandates separately.

¹⁰ Whereas the board members originally participated in the 2008 LTP, they have since withdrawn the shares invested in the plan and can therefore no longer receive any payments under the 2008 LTP.

¹¹ Mr Müller stepped down from the Board of Managing Directors at the end of the AGM on May 15, 2008; his remuneration since then in his function as Chairman of the Supervisory Board is set out on pp. 16-18.

¹² pro rata temporis from the date of appointment or as the case may be up to the date of departure from the Board.

¹³ The total for 2007 does not include amounts for the board member Klaus Patig who left the Board in 2007 (pro rata basic salary €40,000).

Other remuneration as defined by the SoFFin agreement

Amounts in € 1,000		Remuneration of Group mandates for prior financial years ¹⁴	Payouts of share-based remuneration plans for prior financial years ¹⁵	Other ¹⁶	Total other remuneration
Klaus-Peter Müller	2008	119	200	35	354
	2007	167	500	84	751
Martin Blessing	2008	43	100	86	229
	2007	79	250	82	411
Frank Annuscheit	2008	23	40	51	114
	2007	–	–	–	–
Markus Beumer	2008	18	–	365	383
	2007	–	–	–	–
Wolfgang Hartmann	2008	77	100	112	289
	2007	80	250	111	441
Dr. Achim Kassow	2008	246	100	277	623
	2007	270	–	45	315
Bernd Knobloch	2008	20	615	4,137	4,772
	2007	10	–	72	82
Michael Reuther	2008	78	–	71	149
	2007	8	–	71	79
Dr. Stefan Schmittmann	2008	8	–	7	15
	2007	–	–	–	–
Dr. Eric Strutz	2008	95	100	41	236
	2007	92	250	42	384
Nicholas Teller	2008	14	100	592	706
	2007	61	250	114	425
Total	2008	741	1,355	5,774	7,870
	2007¹⁷	767	1,500	621	2,888

¹⁴ Remuneration for serving on the boards of subsidiaries is largely paid in the following year and counts in full towards the variable remuneration for this following year (total in 2007: €767,000).

¹⁵ The 2004 LTP was paid out in 2007 and the 2005 LTP in 2008. The 2004 Longfrist Incentive Plan of Eurohypo Aktiengesellschaft was paid out to Mr Knobloch.

¹⁶ The "Other" column includes non-cash benefits granted in 2008 which are not subject to the SoFFin cap and in the case of Mr Knobloch an amount of €4.04m as well as in the case of Mr Teller an amount of €548,000 (pro rata bonus in the amount of €562,000 minus remuneration for services rendered on the boards of consolidated subsidiaries in the amount of €14,000) paid as part of the severance agreements set out on p. 12 above.

¹⁷ The total for 2007 does not include amounts for the board member Klaus Patig who left the Board in 2007 (in the amount of €2,307,000, included under "Other", in accordance with his severance agreement).

Loans to members of the Board of Managing Directors

Members of the Board of Managing Directors have been granted cash advances and loans with terms ranging from on demand to a due date of 2018 and at interest rates ranging between 4.7% and 5.0%, and in selected instances overdrafts at rates up to 10.0%. Collateral security is provided on a normal market basis, if necessary through land charges and rights of lien.

As at the reporting date loans granted to the Board of Managing Directors amounted to €2,350,000 in total; in the previous year they amounted to €1,086,000. With the exception of rental guarantees the companies of the Commerzbank Group did not have any contingent liabilities relating to members of the Board of Managing Directors in the year under review.

Supervisory Board

Principles of the remuneration system and remuneration for 2008

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

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

The Chairman receives triple and the Deputy Chairman double the aforementioned basic remuneration. For membership of a committee of the Supervisory Board which meets at least twice in any calendar year, the committee chairman receives additional remuneration in the amount of the basic remuneration and each committee member in the amount of half the basic remuneration; this additional remuneration is paid for a maximum of three committee mem-

berships. In addition, each member of the Supervisory Board receives an attendance fee of €1,500 for every meeting of the Supervisory Board or one of its committees. The fixed remuneration and attendance fees are payable at the end of each financial year and the variable bonus after the Annual General Meeting that passes a resolution approving the actions of the Supervisory Board for the financial year concerned. The value-added tax payable on the remuneration is reimbursed by the Bank.

As Commerzbank will not pay a dividend in 2009, a variable bonus is not payable for the financial year 2008. The members of the Supervisory Board therefore received total net remuneration of €1,677,000 for the financial year 2008 (previous year: €2,547,000). The fixed remuneration and remuneration for committee memberships accounted for €1,240,000 of this figure (previous year: €2,307,000) and attendance fees for €437,000 (previous year: €240,000). The value added tax of €285,000 (previous year: €484,000) payable on the remuneration of the members of the Supervisory Board is reimbursed by Commerzbank Aktiengesellschaft. The total remuneration of the members of the Supervisory Board in 2008 was therefore €1,962,000 (previous year: €3,031,000).

Members of the Supervisory Board once again provided no advisory, intermediary or other personal services in 2008. Accordingly, no additional remuneration was paid.

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

for 2008 in € 1,000	Fixed remu- neration	Variable remu- neration	Total	Attendance fee	VAT ¹⁸	Total
Dr. h.c. Martin Kohlhaussen (until May 15, 2008)	74.4	–	74.4	12.0	16.4	102.9
Klaus-Peter Müller (since May 15, 2008)	125.6	–	125.6	22.5	28.1	176.2
Uwe Tschäge	100.0	–	100.0	25.5	23.8	149.3
Hans-Hermann Altenschmidt	72.6	–	72.6	36.0	20.6	129.2
Dott. Sergio Balbinot	60.0	–	60.0	28.5	–	88.5
Dr.-Ing. Burckhard Bergmann (since May 15, 2008)	25.1	–	25.1	12.0	7.1	44.2
Herbert Bludau-Hoffmann	40.0	–	40.0	13.5	10.2	63.7
Astrid Evers	40.0	–	40.0	18.0	11.0	69.0
Uwe Foullong	40.0	–	40.0	15.0	10.5	65.5
Daniel Hampel	40.0	–	40.0	15.0	10.5	65.5
Dr.-Ing. Otto Happel	60.0	–	60.0	25.5	–	85.5
Dr. jur. Heiner Hasford (until May 15, 2008)	22.3	–	22.3	7.5	5.7	35.5
Sonja Kasischke	40.0	–	40.0	15.0	10.5	65.5
Prof. Dr. Hans-Peter Keitel (since May 15, 2008)	37.7	–	37.7	13.5	9.7	60.9
Wolfgang Kirsch (until May 15, 2008)	22.3	–	22.3	9.0	6.0	37.3
Alexandra Krieger (since May 15, 2008)	25.1	–	25.1	12.0	7.1	44.2
Friedrich Lürßen	40.0	–	40.0	13.5	10.2	63.7
Werner Malkhoff (until May 15, 2008)	22.3	–	22.3	6.0	5.4	33.7
Prof. h.c. (CHN) Dr. rer.oec. Ulrich Middelman	40.0	–	40.0	13.5	10.2	63.7
Klaus Müller-Gebel ¹⁹	100.0	–	100.0	37.5	26.1	163.6
Barbara Priester (since May 15, 2008)	25.1	–	25.1	12.0	7.1	44.2
Dr. Sabine Reiner (until May 15, 2008)	14.9	–	14.9	4.5	3.7	23.1
Dr. Marcus Schenk (since May 15, 2008)	37.7	–	37.7	15.0	10.0	62.7
Prof. Dr. Jürgen F. Strube (until May 15, 2008)	22.3	–	22.3	9.0	6.0	37.3
Dr. Klaus Sturany (until May 15, 2008)	14.9	–	14.9	4.5	3.7	23.1
Karin van Brummelen (since May 15, 2008)	37.7	–	37.7	22.5	11.4	71.6
Dr.-Ing. E.h. Heinrich Weiss	60.0	–	60.0	18.0	14.8	92.8
Total 2008	1,240.0	–	1,240.0	436.5	285.5	1,962.0
Total 2007²⁰	924.2	1,382.6	2,306.7	239.9	484.0	3,030.7

¹⁸ Because they are resident outside Germany VAT is not due for Dr Happel and Dr Balbinot and instead German income tax and the solidarity surcharge are deducted at source.

¹⁹ In the reporting year Mr Müller-Gebel also received a remuneration totalling €106,000 for his activities on the supervisory boards of various consolidated subsidiaries of Commerzbank.

²⁰ In the previous year the figures were broken down by basic and committee remuneration rather than fixed and variable remuneration. The previous year's figures have been restated for comparative purposes.

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 2030 and at interest rates ranging between 5.0 % and 5.4 %. In line with market conditions, some loans were granted without collateral, e.g. against land charges or rights of lien.

As at the reporting date, the aggregate amount of loans granted to members of the Supervisory Board was €234,000 compared with €723,000 in the previous year.

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

Other details

D&O liability insurance

There is a D&O liability insurance policy for members of the Board of Managing Directors and the Supervisory Board. The excess payable by members of the Supervisory Board amounts to one year's fixed remuneration and for members of the Board of Managing Directors 25 % of one year's fixed remuneration.

Purchase and sale of the Company's shares

Pursuant to Art. 15 a of the German Securities Trading Act, transactions by executives of listed companies and their

families must be disclosed and published. Accordingly, purchases and sales of shares and financial instruments relating to Commerzbank of €5,000 p.a. and upwards must be reported immediately and for the duration of one month. The Bank applies this reporting requirement to the Board of Managing Directors and the Supervisory Board, in line with the recommendations in the Guide for Issuers of the German Federal Financial Supervisory Authority (BaFin).

Members of Commerzbank's Board of Managing Directors and Supervisory Board reported the following director's dealings in Commerzbank shares or derivatives thereon in 2008:²¹

Date	Name	Function	Purchase / sale	No. of shares	Price per share in €	Amount in €
18.01.2008	Malkhoff, Werner	Member of Supervisory Board	P	300	21.849	6,554.70
18.02.2008	Altenschmidt, Hans-Hermann	Member of Supervisory Board	P	250	20.190	5,047.50
18.04.2008	Tschäge, Uwe	Member of Supervisory Board	P	1,130	22.160	25,040.80
08.05.2008	Beumer, Markus	Board of Managing Directors	P	2,500	23.122	57,805.00
14.05.2008	Annuscheit, Frank	Board of Managing Directors	P	1,300	23.099	30,028.31
16.05.2008	Reuther, Michael	Board of Managing Directors	P	2,500	22.802	57,005.00
19.05.2008	Altenschmidt, Hans-Hermann	Member of Supervisory Board	P	250	22.620	5,655.00
23.05.2008	Knobloch, Bernd	Board of Managing Directors	P	2,500	22.817	57,042.50
26.05.2008	Bergmann, Dr. Burckhard	Member of Supervisory Board	P	1,800	22.070	39,726.00
13.06.2008 ²²	Müller, Klaus Peter	Member of Supervisory Board	P	5,047	19.810	99,981.07
13.06.2008 ²²	Strutz, Dr. Eric	Board of Managing Directors	P	2,523	19.810	49,980.63
13.06.2008 ²²	Hartmann, Wolfgang	Board of Managing Directors	P	2,523	19.810	49,980.63
13.06.2008 ²²	Blessing, Martin	Board of Managing Directors	P	2,523	19.810	49,980.63
13.06.2008 ²²	Kassow, Dr. Achim	Board of Managing Directors	P	2,523	19.810	49,980.63
03.09.2008	Altenschmidt, Hans-Hermann	Member of Supervisory Board	P	225	17.830	4,011.75
16.09.2008	Hartmann, Wolfgang	Board of Managing Directors	P	17,477	14.545	254,201.22
29.09.2008	Hartmann, Wolfgang	Board of Managing Directors	P	15,000	11.105	166,569.00
29.09.2008	Beumer, Markus	Board of Managing Directors	P	2,000	12.080	24,160.00
07.10.2008	Annuscheit, Frank	Board of Managing Directors	P	2,000	10.790	21,580.00
13.11.2008	Hartmann, Wolfgang for Hartmann, Peter Walter	Board of Managing Directors	P	2,000	6.759	13,517.80
17.11.2008	Altenschmidt, Hans-Hermann	Member of Supervisory Board	P	500	7.000	3,500.00
19.11.2008	Hampel, Daniel	Member of Supervisory Board	P	1,000	6.074	6,074.00

²¹ The Directors' Dealings have been published on Commerzbank website under "Directors' Dealings".

²² Reinvestment at a level of 50 % due to gross payouts received under the 2005 LTP.

All told, the Board of Managing Directors and the Supervisory Board did not own more than 1 % of the issued shares and option rights of Commerzbank AG on December 31, 2008.

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

Structure of subscribed capital

Commerzbank has issued only ordinary shares, the rights and duties attached to which arise from statutory provisions, in particular Arts. 12, 53a et seq., 118 et seq. and 186 of the German Stock Corporation Act. The subscribed capital of the company totalled €1,878,638,205.60 at the end of the financial year. It is divided into 722,553,156 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. According 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). If there is a vacancy on the Board of Managing Directors for a required member and the Supervisory Board has not appointed a replacement, in urgent cases one will be appointed by a court pursuant to Art. 85 of the German Stock Corporation Act. Each amendment to the Articles of Association requires a resolution of the Annual General Meeting under Art. 179 (1) sentence 1 of the German Stock Corporation Act. Unless the law prescribes a majority, a simple majority of the represented share capital is adequate to pass resolutions (Art. 19 (3) sentence 2 of the Articles of Association). The authority to amend the Articles of Association, which relates only to the version in force, 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

According to the Annual General Meeting resolutions of May 15, 2008, Commerzbank is authorized to acquire its own shares in the amount of up to 5% of the share capital under Art. 71 (1) (7) of the German Stock Corporation Act and in the amount of up to 10% under Art. 71 (1) (8) of the German Stock Corporation Act. These authorizations expire on October 31, 2009.

The Board of Managing Directors, with the approval of the Supervisory Board up to April 30, 2009, is authorized to increase the share capital in the total amount of €450,000,000.00 by issuing new shares under Art. 4 of the Articles of Association applicable on December 31, 2008; it is also authorized up to April 30, 2011 to increase share capital in the amount of €212,000,001.00 by issuing new shares (authorized capital).

Moreover, the Annual General Meeting on May 15, 2008 has given the Board of Managing Directors the authority to issue convertible bonds or bonds with warrants or profit-sharing certificates (with and without conversion or option rights) while excluding subscription rights. Conditional capital is available for this purpose in each case according to Art. 4 (4 and 5) of the Articles of Association (conditional capital 2008/I and conditional capital 2008/II).

For details concerning authorized and conditional capital, especially with respect to maturities and subscription rights, as well as the repurchase of own shares, we refer to the detailed notes Nr. 25, 26 and 28 in the Group Financial Statements.

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

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

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

Change of control clauses

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

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

As at the reporting date, Commerzbank had received no disclosure on direct or indirect shareholdings that exceeded 10 per cent of the voting rights.

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

Report on post-balance sheet date events

At the beginning of January, the Special Fund Financial Market Stabilization (SoFFin), Allianz and Commerzbank declared their intention to strengthen the capital base of Commerzbank and Dresdner Bank. The aim was to enable Commerzbank to meet the substantial increase in banks' capital adequacy requirements resulting from the worsening financial crisis. SoFFin has undertaken to provide the new Commerzbank with additional equity in the amount of €10bn. This will be done through the issue of roughly 295 million ordinary shares at a price of €6 per share and a silent participation in the amount of some €8.2bn. After the transaction, the state will hold 25 % plus one share in the new Commerzbank. The Federal Government will clarify the legal details concerning state aid with the EU Commission.

In addition, Allianz strengthened the capital of Dresdner Bank on completing the takeover by purchasing asset-backed securities with a nominal value of €2bn from Dresdner for a price of €1.1bn. Based on Basel II, this reduces the new Commerzbank's risk-weighted assets by €17.5bn. Allianz will also subscribe a silent participation in the amount of €750m.

The closing of the Dresdner Bank takeover took place in mid-January. Under the terms of the transaction, Allianz received around 163.5 million new Commerzbank shares from a capital increase against non-cash contributions. The capital increase which had been approved in August 2008 was entered in the commercial register. This completed the takeover of Dresdner Bank by Commerzbank, which is now the sole shareholder. Ahead of the merger of Dresdner Bank into Commerzbank planned for the spring of 2009, there had already been major changes in Dresdner Bank's Board of Managing Directors in January 2009. While many former members left the Board, six members of Commerzbank's Board of Managing Directors were appointed to it. In particular, Martin Blessing, Chairman of the Commerzbank Board of Managing Directors was appointed Chairman of Dresdner Bank's Board of Managing Directors.

Also in January, Commerzbank placed Germany's first state-guaranteed bond through a banking syndicate. The benchmark bond was for an amount of €5bn and demand in the market was very high. It has a term of three years and a 2.75 % p.a. coupon; the proceeds will be used to fund Commerzbank's lending business.

The difficult situation on the financial markets led to further burdens on equity capital at Dresdner Bank in the first quarter of 2009. In order to ensure full actionability right up to the merger, Commerzbank will contribute to Dresdner Bank additional capital in the form of a €4bn payment to reserves further to § 272 Section 2 Nr. 4 of the German Commercial Code (HGB).

There were no other significant business events.

Outlook and opportunities report

The global economy is likely to grow only slightly at best in 2009. Real gross domestic product in the industrialized nations will shrink more drastically than it has done since the Second World War and emerging markets will also see only very low growth rates compared with recent years. This is because the adverse effects of the financial market crisis are set to ease only gradually. The interest rate cuts by

central banks in recent months, which will probably be followed by further measures and accommodative policy actions, will only positively impact the economy with the usual time lag, towards the end of the year.

Germany too will see a drop in its real gross domestic product this year of 3 % to 4 %, its sharpest fall since the Federal Republic was founded. Positive effects from the significant interest rate cuts by the ECB, which is likely to drop its key interest rate to 1 % by the spring, are not likely to emerge until the coming year. Not even the impetus programmes introduced by the federal government will be able to prevent this incisive recession. But they may at least help to stabilize the economy in the second half of the year. The labour market as well is unlikely to escape the downturn unscathed. By the end of the year, the number of unemployed is set to approach four million again.

In the financial markets, US Treasuries and Bunds should initially benefit from the bad economic news. However, today's very high prices are only justified in the kind of dire environment we are currently experiencing, where investors are expecting a long-lasting recession or even a depression. If there are increasing signs in the course of the year that this will not materialize, yields on long-term government bonds are likely to rise again sharply. And the increase in the USA is likely to be greater than in the eurozone, which in turn should add to the appreciation of the dollar against the euro.

Real GDP

percentage change on year

	2008	2009	2010
USA	1.1	-2.5	1.8
Eurozone	0.7	-2.5 to -3.0	0.8
Germany	1.3	-3.0 to -4.0	1.0
Central and Eastern Europe	4.4	-1.0	2.8
Poland	4.8	0.0	3.0

Exchange rates

year-end levels respectively

	2008	2009	2010
Euro-Dollar	1.392	1.120	1.120
Euro-Sterling	0.953	0.850	0.800
Euro-Zloty	4.154	4.400	3.300

The figures for 2009 and 2010 are all Commerzbank forecasts

The business environment for banks remains acutely critical. Extensive write-downs and asset disposals – often at a loss – have already noticeably reduced the balance sheet risks arising from securitized US real estate loans. However,

the global economy is also cooling off noticeably at the same time. This has a direct effect on the momentum of the German economy given its high reliance on exports. For the banks, this is likely to result in larger defaults on their lendings while a lower level of investment simultaneously depresses demand for loans. In addition, lower securities prices and trading volumes have an adverse effect on commission income.

In the other direction, the extensive support packages for the banking industry will continue to have a positive effect on banks' capital adequacy and so boost their confidence in each other. This should likewise strengthen the supply of credit to the corporate sector. The government impetus packages already passed, as well as the assistance for companies outside the banking sector currently under discussion, should also help to limit the extent of the negative impact on the economy and mitigate any growth in loan defaults.

The banking sector is facing a fundamental reorganization. Many banks will have to adopt new strategies and thoroughly rethink and redimension certain business models, especially in investment banking. Many banks will need to comprehensively restructure in order to adjust their costs to lower earnings levels. This is likely to mean more consolidation within the sector, to some extent through the disappearance of smaller banks but, primarily, through mergers. Initially these are likely to be predominantly national but, in the medium term, cross-border deals could play a role. In addition, there will be fundamental changes in banking regulation, with risk exposures being reported in a more transparent way and more stringent capital adequacy requirements for banking business than in the past. This will reinforce the financial sector's ability to withstand crises while limiting growth in risk-weighted assets.

The overriding event for Commerzbank AG in 2009 will be the integration of Dresdner Bank. This will have a particularly strong impact on the Private Customers, Mittelstandsbank and Corporate & Markets segments. In 2009, we plan to make restructuring investments of some €2bn to integrate and build a highly competitive and at the same time efficient "New Commerzbank".

We continued to pursue the Private Customer segment's strategic drive for growth in all business areas during the year under review. Despite the difficult market environment we succeeded in winning customers with attractive products and needs-based advisory services. Overall the number of our customers rose in 2008 by a net figure of 574,000 to 6.1 million, while the number of current accounts increased by 451,000. The volume of deposits rose significantly by

26.6 % to €48.8bn in 2008. The focus in 2009 will be on merging Commerzbank and Dresdner Bank into the New Commerzbank. The aim is to gradually grow the new bank to become the leading bank for private customers in Germany. Priority is currently being given to standardizing and developing the product offerings of the two banks and starting to merge the branches.

In an increasingly difficult market environment, particularly in the second half of the year, the business segment Mittelstandsbank asserted itself as a stable value driver for Commerzbank and thus continued its pleasing development. However, the deteriorating economic backdrop will result in rising loan loss provisions in the small and mid-sized business sector. Despite this, we will make every effort to play a leading role in financing small and mid-sized businesses and will continue to pursue our selective growth strategy in 2009 as well. At the same time we plan to continue our sales initiatives in order to further expand our market share. Smaller corporate customers in particular are growing in importance. At the same time we aim to increase the contribution to earnings from our existing clients. We see the successful integration of Dresdner Bank as our second major challenge. We will maintain Commerzbank's tried and tested customer relationship model for SME clients as the benchmark for our services. This will ensure that nothing will change for our customers in their day-to-day business. At the same time the number of branches will increase as a result of the takeover of Dresdner Bank, so that we can be even closer to our small and mid-sized clients. This greater regional presence will be combined with an expanded product and service offering.

The Central and Eastern Europe segment achieved pleasing growth in 2008, notably increasing its client base in the region by approximately 51 % to just over under 3.2 million. In the current difficult market environment with an economic situation that is becoming increasingly gloomy, we will continue to structurally develop our business in Central and Eastern Europe with the aim of making it "weather-proof". To achieve this we will focus our efforts in 2009 on increasing cost-efficiency, improving processes and in particular on optimizing our portfolios in the region. Our frame of reference is and will remain a strong risk/return orientation within the framework of the Commerzbank Group's credit risk strategy. Despite these measures we anticipate lower results in 2009 due to increasing loan loss provisions.

After the takeover of Dresdner Bank was announced in September 2008 preparations began in the Corporates & Markets segment for the integration of Dresdner Kleinwort's investment banking business. The future strategy of the merged investment bank will focus on customer-related business, an approach that Corporate & Markets has been pursuing since 2004. By expanding the shared platform we will acquire more customers in Germany and Europe in future. In particular, Dresdner Kleinwort will cease all of its proprietary trading activities in 2009. In addition we will actively limit risks by reducing selected portfolios and discontinuing individual business areas. We also aim to significantly reduce our portfolios in public sector finance. For 2009 we expect a negative contribution to earnings from Public Finance. Income from origination will remain firmly positive, but further negative earnings effects resulting from the capital market crisis cannot be ruled out or are factored into our planning. In addition, the realization of hidden losses from the former Essen Hyp and Eurohypo will adversely impact results. This effect will also lower earnings in the medium term.

2008 was a very difficult year for the Commercial Real Estate segment due to the negative market environment. Commercial real estate financing will return to its growth path in the medium to long term, but over the next two to three years the current recession will lead to further significant downshifts in the real estate markets. In light of the ongoing international financial crisis and falling real estate prices worldwide we will pursue a more systematic risk management, which includes a more selective lending policy. As the general refinancing options are still subject to certain limitations we anticipate higher funding costs. Our business model for the Commercial Real Estate segment will be adjusted to the new market conditions with respect to asset volumes, profitability and risk. We will also focus on markets in which we have a competitive advantage and see long-term potential.

Given the ongoing violent turmoil in the markets and the extremely volatile conditions in general, it is not possible at the moment to make a serious earnings forecast for Commerzbank as a whole in 2009. The Bank's performance during 2009 will be largely influenced by the integration of Dresdner Bank – an undertaking that will be carried out in what will probably continue to be a difficult market environment. Given the current dramatic changes in the banking sector in particular, the integration of Dresdner Bank comes at just the right time. It will help us bring costs down

to an appropriate level for the period following the financial crisis and make our Bank even better equipped to weather crises in the future. Alongside the cost synergies, Dresdner Bank will in particular enable us to expand our stable customer business further. However, if the government measures, above all the effects of the interest rate cuts by the ECB, contribute to a recovery in both the eurozone and the German economy in 2010 – with Germany potentially set to grow more strongly than the eurozone on the basis of current economic forecasts – the “New Commerzbank” is set to be one of the main beneficiaries.

Managing opportunities at Commerzbank

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

1. Central strategic management of opportunities: identifying strategic alternative courses of action for the Group as a whole by the Board of Managing Directors and Strategy & Controlling (e.g. developing the portfolio of activities for specific markets and areas of business)
2. Central strategic and operational management of opportunities for the various areas of business: defining strategic and operational initiatives for improving growth and efficiency for the various areas of business by those managing them (e.g. developing portfolios of products and customers)
3. Local operational management of opportunities: all employees identifying operational opportunities based on customers and transactions (e.g. taking advantage of regional market opportunities and potential for customers)

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

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

Management of opportunities to create innovative solutions for customers is in addition being tied more and more into Commerzbank’s corporate culture by means of its internal system of values. Living Commerzbank’s values accordingly means taking daily advantage of opportunities for growth.

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

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

Risk report

I. Important developments in 2008

The risk report is produced in accordance with internal risk management of Commerzbank at the Group and segmental level. The basis is formed by the financial data collated for the Group according to IFRS and the key risk figures in accordance with the regulatory requirements.

Basel II implementation

Commerzbank has reported its capital position under the new Basel II regulations since January 1, 2008. The first official calculation of the capital adequacy requirement for the period ending March 31, 2008 showed the expected reduction in capital required of more than 10 %, despite the first-time application of the capital adequacy requirement for operational risk. This was confirmation that the quality of our credit portfolio has so far been sound.

For Commerzbank however, the primary function of internal rating and control procedures is not to comply with regulatory requirements for certification under the advanced Basel II approach. Rather, these procedures are at the heart of the Bank's credit portfolio management, irrespective of the method of capital adequacy reporting to the regulator. For this reason, previously approved procedures were revised further in 2008, in addition to other parts of our portfolio being approved for the first time. The main aim of these refinements was to achieve more accurate risk forecasts and improve management measures.

One example of this was the upgrading of our overall ratings architecture for corporates. As a result, our new corporates rating system, in place since January 2009, has created a single modular ratings procedure to replace four separate ones for different sizes of corporate customers. The advantages include rolling and consistent valuations that are not based on size, and where ratings do not jump because the size of our corporate customers has changed. Apart from improving discriminatory power, a range of internal and external early-warning indicators have also been implemented. Additionally, our LGD models have been refined in favour of stochastic modelling, rather than a deterministic approach based on collateral realisation rates. This takes account of the fluctuations in recoveries in specific markets and generates recovery rates for a range of collateral cover levels. As a result, there is an incentive to take collateral even where cover exceeds the average recovery rate.

Commerzbank constantly carries out refinements to increase portfolio coverage through modern assessment procedures. We also use improvements from research and development and historic data series to optimize our risk architecture.

Credit portfolio

In the past financial year Commerzbank Group exposure at default (EaD) decreased to €533bn, mainly as a result of a €25bn reduction in Public Finance. It was only in Mittelstandsbank and Central and Eastern Europe that EaD increased, by some €15bn.

Charges against earnings arising from default risks

After setting aside net loan loss provisions of €479m in 2007, the lowest percentage for two decades, we had to more than treble them in 2008 to €1,855m. This rise was due primarily to extraordinary charges caused by the financial crisis (€573m), Commercial Real Estate (CRE) foreign commitments (€453m) and charges arising from the Bank's ABS portfolio (€101m). The other charges relating to lending totalled €728m and were in line with our expectations.

The subject of impairments on fixed-income products was not a major factor until 2007, when we had to recognize impairments of almost €700m on subprime assets. The financial crisis meant that in 2008 we had to absorb impairments through net investment income and net trading income. Available-for-sale holdings were hit by €1,059m (of which some €900m from the ABS portfolio), and trading portfolios, including ABS tranches, by €246m.

The net result of the market-related stress was that charges against earnings arising from default risks almost trebled from €1.16bn in 2007 to €3.16bn in 2008. We exceeded the forecast of €2.8bn made at the time of our third quarter results by 10 %.

Default portfolio

The negative environment also impacted on the default portfolio in loans and receivables (LaR). At Group level, the volume rose from €11.3bn at the end of 2007 to €12.6bn at the end of December 2008. Half of the high €6.5bn inflow, or €3.0bn, was attributable to Commercial Real Estate. The successful workout was reflected in an outflow of €5.1bn and an intensive care contribution to earnings of €280m – still good, despite being halved.

Financial Institutions

After the massive upheaval in the third quarter culminating in the failures of Lehman Brothers and the Icelandic banks and the nationalization of Fannie Mae, Freddie Mac and AIG, the situation for large financial institutions began to stabilize in the fourth quarter thanks to massive state bail-outs.

In spite of early identification and reduction of critical parts of portfolios, we were unable to avoid being affected by the failures of Lehman Brothers and Washington Mutual and the division of the Icelandic banks into “Good and Bad Banks.” Although we have reduced our Iceland portfolio by half since 2006, the risks could not be eliminated entirely as markets became more difficult. In the case of Lehman Brothers we were encouraged by the US Treasury Department’s rescue of Bear Stearns and for too long shared the market’s mistaken belief that Lehman was “too big to fail.”

Market risk/revaluation reserve

From a market risk perspective too, 2008 was characterized by turbulence on the financial markets, which increased as the year progressed and came to a head in September with the collapse of Lehman Brothers. In the months that followed the crisis intensified, with credit spreads strongly expanding in all asset classes. After risk premiums rose extremely sharply for financial and corporate bonds, spreads also widened significantly on government bonds (e.g. Greece, Italy, US municipal bonds, recently Japan too). Overall, developments in 2008 led to a significant rise in all relevant risk indicators due to much increased market volatility in all major asset classes, which we were unable to satisfactorily counteract by reducing exposure because of a lack of market liquidity.

Liquidity risks

The situation on the money and capital markets has worsened considerably from the onset of the subprime crisis to the current systemic financial crisis following the bankruptcy of Lehman Brothers. Time deposits are hardly traded on the interbank market, the market for issues practically came to a standstill during the reporting period, Euribor/Eonia spreads have widened sharply, and much smaller volumes are being traded on the equity repo markets.

Commerzbank took a string of measures to counteract this situation. The inflow of customer deposits, the ongoing reduction of assets for cash, and efforts to use assets more efficiently to manage the liquidity situation by providing collateral to the ECB are already compensating for the lack of funding from long-term time deposits on the interbank market. The liquidity situation improved when the Bank received the first tranche of SoFFin capital, amounting to €8.2bn, and guarantees of €15bn for refinancing.

Operational risks

The financial industry’s OpRisk events available in the ORX database show that periods of extreme market volatility are much more likely to result in major losses due to weaknesses in control processes, an inadequate management overview or fraudulent activities. We therefore focused on monitoring and continually improving control processes in investment banking and implemented measures to limit further the remaining residual risk of human error or fraudulent actions. In 2008, charges against earnings for operational risk and litigation provisions fell to €101m, compared with €140m in 2007.

Due diligence on Dresdner Bank

The due diligence process for the takeover of Dresdner Bank lasted around nine weeks and was completed by the end of August 2008. Our risk management area took a clearly structured and risk-oriented approach to auditing Dresdner Bank’s portfolios: with a due diligence team of 60 staff from the risk function and the help of auditors, the relevant portfolios were analyzed and evaluated for their inherent risks. In the sub-segments, this involved drilling down to individual credit commitments or underlying assets using the look-through approach. We also methodically audited various systems, e.g. for setting aside provision for possible loan losses (risk provision) or calculating expected loss. The specific focus of our analysis was to audit and evaluate structured finance, such as asset backed securities, conduits/SIVs, leveraged acquisition finance and other DKIB portfolios.

As a result, we estimated that for the second half of 2008 charges against earnings from the Dresdner Bank subgroup would be €2.2bn in the most realistic case and €4.1bn in the downside case. In fact, Dresdner Bank lost €4.7bn following the collapse of Lehman Brothers, i.e. the figure was even higher than our downside estimate. If we strip out the American and Icelandic banks – risks that we did not see as such at that time – then, without exception, the losses came from the portfolios we had classified as critical. Following the bankruptcy of Lehman Brothers, our forecasts for 2009 have moved towards the downside case.

II. Risk-oriented overall bank management

1) Risk management organization

The financial market crisis once again demonstrated that the professional limitation and management of banking risks are critical factors in our business success. Essential prerequisites for successful risk management are identification of all significant risks and risk drivers, independent measurement and assessment of these risks against the background of changing macroeconomic and portfolio-specific conditions, and risk/return-oriented management of risks on the basis of these results and assessments as part of a forward-looking risk strategy. We have made considerable progress in this area in the past few years, which should pay off in the dramatically deteriorating environment.

Commerzbank defines risk as the danger of possible losses or profits foregone due to internal or external factors. Risk management distinguishes between quantifiable risks – those for which a value can normally be given in annual financial statements or in capital backing – and unquantifiable risks such as reputational and compliance risks.

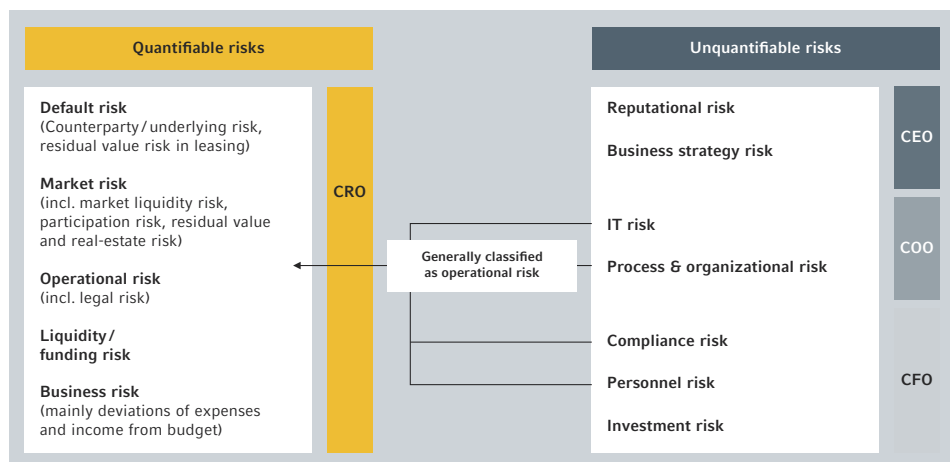
Commerzbank's Board of Managing Directors defines risk policy guidelines as part of its established overall strategy for the Commerzbank Group which is reviewed annually (=business and risk strategy, strate-

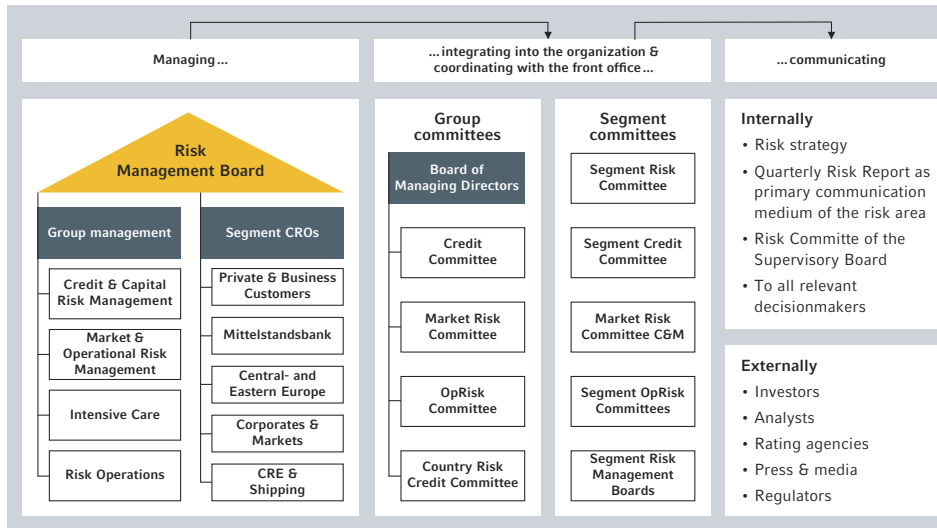
gic operating conditions for the Group, segments and business areas). The Group's risk strategy consists of various sub-strategies for the main categories of risk. The integration of business and risk strategies is achieved through key parameters (e.g. regulatory and economic capital backing, exposure at default, expected loss, charges against earnings) which ensure that Commerzbank Group's strategic orientation is in line with its risk management system.

The Chief Risk Officer (CRO) is responsible for quantifiable risks and for implementing the risk policy guidelines established by the Board of Managing Directors throughout Commerzbank Group. The CRO regularly reports to the full Board of Managing Directors and the Risk Committee of the Supervisory Board on the overall risk situation within Commerzbank Group. In addition to responsibility for risk control, the CRO is also responsible for the back office units and therefore for ensuring that lending is approved by two loan officers. The segment CROs are members of the relevant segment's Board of Directors but also have a reporting line to the Group CRO for technical and hierarchical purposes.

The segment CROs, together with the Group CRO and the heads of the risk function within Group management, make up the Risk Management Board; as part of the new Group organization, this board is responsible for timely reporting, cost-effective and proactive risk controlling and management, a uniform risk culture and compliance with regulatory provisions.

The new segmental risk committees are charged with significant tasks in segment-specific risk management and portfolio-oriented monitoring from the risk/return perspec-





bank reported three-quarters of its credit portfolio using the Advanced Internal Rating Based (AIRB) procedure and received the relevant authorization from the supervisory authorities. This means that for these loans and receivables the internal credit rating plus internal estimates of collateral proceeds are what determines the regulatory capital requirement. For loans and receivables that are not covered by the procedures approved by the supervisory authorities for the

tive (portfolio batches) and management (sub-portfolio limits, stress scenarios). As a high degree of independence is sought for the segments, the segmental risk committees carry out the Group's supervisory role for the segments.

The Board of Managing Directors has established specific committees to carry out operational implementation of risk management. These committees act within delegated authority and assist the Board in making decisions on risk-related issues. They represent both front office and risk control perspectives, but under the German Minimum Requirements for the Risk Management of Credit Institutions (MaRisk) the risk control side cannot be outvoted.

2) Capital management under Basel II

The new regulations under the Basel II Framework on capital adequacy requirements for financial institutions have been in force since January 1, 2008. The rules are based on three overall pillars.

- The first pillar covers the minimum capital adequacy requirements for credit, market and operational risk,
- The second pillar concerns the monitoring process by the banking authorities of the adequacy of the capital base (risk-taking capability) and risk management,
- The third pillar stipulates the disclosure requirements in the form of extended transparency rules.

Pillar 1

The new Pillar 1 provisions implemented in Germany in the Solvency Regulation (SolvV) include allowing statistical projection models to be applied for calculating the capital adequacy requirement. On the balance sheet date, Commerz-

AIRB approach the Basel standardized approach for credit risk applies, under which fixed risk weightings are used, based primarily on external estimates of the borrower's credit rating.

Apart from the revised regulations on credit risk, operational risks also had to be taken into account for the first time under Basel II, for which Commerzbank uses the advanced AMA approach (see section VI).

The first official calculation of the capital adequacy requirement on March 31, 2008 produced the expected reduction in the capital requirement of more than 10%. Despite the first-time application of capital adequacy requirements for operational risk, this confirmed our expectations of the quality of our credit portfolio. Nonetheless, using the risk-sensitive AIRB approach meant that as the financial crisis worsened over the year the capital requirement for credit risk increased. The first procyclical effects could already be seen by the end of June in large corporates and banks, asset classes that are closely involved with the capital markets. By year-end, the amount of capital committed to *Mittelstand* business had also grown.

For 2009 we expect economic conditions to significantly sharpen the procyclical effect of Basel II, primarily in Eastern Europe, in Commercial Real Estate (including the shipping portfolio) and in the Mittelstandsbank. As a result, the initial savings in terms of regulatory capital are likely to be more than outweighed, affecting the capital base; GLLPs are also procyclical. The challenge for the regulator is to find suitable measures to prevent these procyclical effects accentuating the economic downturn by creating a "credit crunch."

Pillar 2

The provisions of Pillar 2 have been primarily implemented in Germany in the form of the Minimum Requirements for the Risk Management of Credit Institutions (MaRisk). These relate mainly to securing risk-taking capability and structuring risk strategy and the relevant processes involved.

Commerzbank monitors risk-taking capability using the economic capital model. Apart from the risks in the first pillar, these cover all other risks relevant to Commerzbank that can be measured with this concept, such as interest rate risk in the banking book, risk from equity investment stakes, real estate risk, market liquidity risk and business risk. Furthermore, sectoral and regional concentrations and diversification effects of credit risk plus all dependencies between the individual risk categories are modelled. Commerzbank also quantifies refinancing risk, focusing on securing cash liquidity rather than cushioning losses with equity capital. As a result, this is not part of the economic capital concept. See section IV.2 for further details. Unquantifiable risks are subjected to strict qualitative monitoring in compliance with Pillar II of the Basel Accord and MaRisk. The 99.95 % confidence level we use in the economic model exceeds the 99.90 % specified in Pillar 1. A buffer is also required that is quantified using macroeconomic stress tests. The economic capital requirement thus produced is then compared with the capital available to cover risk.

In comparing the results of the external model (Pillar 1) with the capital requirements under the internal model (Pillar 2), we see a basically comparable trend since March 2008, but it is clear that the external model quantifies market risk as being much lower. We see the market's higher expectations of core capital for banks as a corrective to this incentivization. We will continue to keep a close eye on necessary developments in the external requirements for all types of risk.

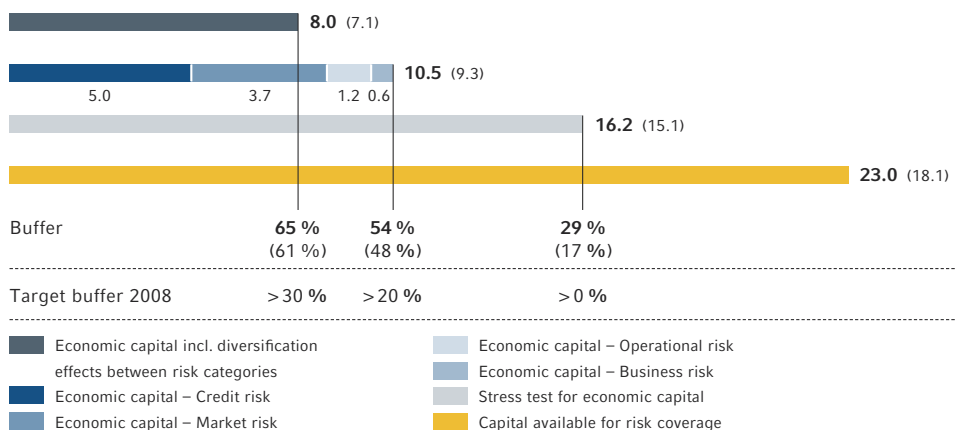
The 2008 risk strategy sets the following target ranges for risk-taking capability. Capital available to cover risk must

- a) exceed economic capital by at least 30 %,
- b) exceed economic capital assuming all risk categories are fully correlated, by at least 20 %
- c) be sufficient to cover economic capital assuming all risk categories are fully correlated, even in the macroeconomic worst-case stress scenario for all risk categories.

The correlation between risk categories seen in normal market phases intensifies in crisis situations, therefore full correlation is deemed to be the most conservative assumption in cases (b) and (c). The worst-case scenario additionally assumes consistent negative economic and market trends for all risk categories, with the associated effects on the relevant risk drivers and parameters.

The capital requirement rose as the year progressed due to worsening parameters and economic forecasts. At the same time, capital available to cover risk fell due to lower income and demands on capital reserves. The unpredictability of the length and extent of the impending economic downturn prompted us to introduce measures to limit and reduce risk as well as strengthen capital available to cover risk by increasing capital and accepting €8.2bn from SoFFin. As a result of these measures, there was an adequate buffer for all three parameters in December 2008, which was still higher than the prior year figure.

Risk-taking capability for the Commerzbank Group
in € bn as per December 2008



Values in parentheses: December 2007

Pillar 3

The disclosure requirements relate to capital adequacy, risk strategy, and the qualitative and quantitative reporting of risks incurred. Commerzbank is complying with the extended disclosure provisions of SolvV using a separate disclosure report that will be published on the Bank's website for the first time in April 2009 for the year ending December 31, 2008.

3) Risk strategy, risk appetite and operationalization

On the basis of an analysis of its risk-taking capability and its business strategy, Commerzbank defines guidelines and limits for exposure to risk positions as part of its overall risk strategy. In addition to limiting risk and capital consumption, segment management targets are set for minimum returns, maximum use of the Bank's refinancing, and risk appetite, according to profitability. As well as limiting risk, the risk strategy is also used in particular to optimize the risk/reward ratio over the medium term, i.e. strategic asset allocation within the Group and management of correlation and concentration risks across risk categories.

Although compliance with risk-bearing capability is the high-level objective for securing the Bank's continued existence, even under crisis scenarios (the "going concern" principle), it does not replace targeted management of the risk and return profile. Risk appetite is limited at Commerzbank by the requirement that the return before risk should cover the loss stemming from the risk content of our portfolio, as stressed at the 80 % confidence level, as well as the cost of capital. In other words, even in financial years with losses, which only usually occur every five years, our risk positioning should be such that we are at least able to earn the cost of capital. This is how the Bank secures medium-term profitability. For the 2008 financial year however, it became clear that our portfolios were in a serious stress range because of market conditions, in that total charges against earnings of €3.2bn even exceeded the €2.7bn figure for the 5-year stress. A lesson learned from the financial market crisis is that greater account must now be taken of the volatility in charges against earnings in business strategy and portfolio positioning.

The overall risk strategy is broken down in the form of sub-risk strategies for individual types of risk. At segmental level, both expected loss limits (see section III.1) and market risk limits (see section IV) are defined for the operationalization of risk appetite. The aim of the limit process is for operational guidelines to be drawn up in such a way that the segments move in the direction strategically required by the whole Bank with a maximum acceptable degree of freedom.

4) Risk communication

The most important medium for describing risks within the Commerzbank Group is the internal quarterly risk report or QRR, which gives a detailed overview of the Group's quantifiable risks and forms the basis for reporting to the Board of Managing Directors and the Risk Committee of the Supervisory Board.

Externally our aim is to create trust among the public and private and institutional investors through our policy of transparency and openness regarding risk issues. Since the 2008 interim report, we have therefore greatly expanded our presentations of the Bank's ABS portfolios in line with the recommendations issued by the Financial Stability Forum (FSF) and the Senior Supervisory Group (SSG). In addition, the requirements for disclosing risk ratios became more stringent in 2008 as the result of the new Solvency Regulations (SolvV), which have now taken effect in Germany.

III. Default risks

In credit risk management we have systematically implemented the Basel II parameters. In addition to efficient rating systems, this involves a firmly established, common and uniform standardized understanding of the risk situation, or credit culture. We maintain this culture through a comprehensive training and continuing education program and review portfolio status and migration in regular asset quality reviews.

Rating systems

A good scoring or rating process is characterized by adequate discriminatory power, which means that the methods used must differentiate reliably between "good" and "bad" clients in terms of the Gini coefficient. The results of our scoring or rating processes are the future probability of default (or PD) of our borrowers.

Beyond the default risk rating, correctly assessing the severity of the loss (loss given default, or LGD) is essential for reliable and integrated risk assessment. The loss given default is primarily determined by the expected proceeds from collateral and unsecured loan components and by the outstanding loan amount on the default date (exposure at default, EaD).

Finally, combining the above components yields an assessment of the risk of loss or the expected loss ($EL = EaD \cdot PD \cdot LGD$) and the loss density or risk density (EL in bp of EaD), which is the ratio of EL to EaD. Both the percentage probability of borrower default (client rating) and the risk density of a loan commitment (credit rating) are assigned to rating classes by using an internal master scale.

The group-wide use of uniform rating processes for each asset class is ensured by Commerzbank's "single point of methodology" rating landscape. This uniform process architecture not only facilitates risk management and monitoring, it also prevents rating arbitrage within the Commerzbank Group.

Credit risk management

Under Basel II, the starting point for monitoring and managing default risks is exposure at default (EaD). EaD produces a standardized measure of value for default risk. All products (including letters of credit, open committed lines, derivatives, etc.) are converted to the default risk of a cash loan based on individual credit conversion factors or CCFs (e.g. undrawn externally committed lines at approx. 50 %). Uncertainty about utilization of contingent liabilities is thus treated conservatively. In order to improve credit quality and reduce credit risk, Commerzbank holds collateral in the form of real estate, financial assets, transfers of title and pledges, which are subject to regular reviews of market value. To calculate the reduction in credit risk collateral-specific discounts are applied, estimated on the basis of historical realisation data and statistical models reviewed by regulatory authorities. Guarantees, warranties and hedging in the form of credit derivatives are also taken into account. For internal control purposes, EaD also represents the best estimate of the maximum credit risk position under IFRS.

The expected loss on the Bank's EaD thus yields the default risk based on uniform standards, regardless of whether the default is later booked as a loan loss provision, impairment or trading loss. Whereas charges against earnings for the trading book are determined on a daily basis by mark-to-market valuation (or mark-to-index or mark-to-model, if there are no market prices) and are included directly in net trading income, the measurement of banking book positions is a function of whether the positions are booked as loans and receivables (LaR) or available-for-sale (AfS). Provisions for possible loan losses are made in the case of LaR, but with AfS positions balance sheet measurement is more complex. If the impairment in

value as indicated by market prices or indices is only temporary in nature, then it is booked to the revaluation reserve as a deduction. However, if the impairment in value is classified as permanent then the position must be impaired. Unlike deductions from the revaluation reserve, impaired market values or index losses have a direct impact on the income statement.

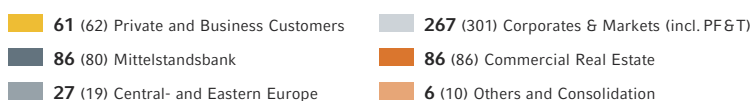
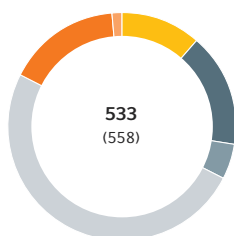
Aside from the absolute limitation of the expected loss through EL limits, credit quality is guaranteed through orientation values for risk density. Furthermore, unexpected losses, bulk risks and concentrations of credit risks are measured and actively managed using an internal credit VaR model. All the above management parameters are part of the credit process, particularly the credit authority regulations.

Independent risk controlling reports monthly through the credit monitor to the Credit Committee and Board of Managing Directors on the utilization of limits and changes in default risk. As part of the credit monitor, risk controlling regularly formulates recommended actions and proposed decisions to secure the required target risk structure for the portfolio.

1) Commerzbank Group

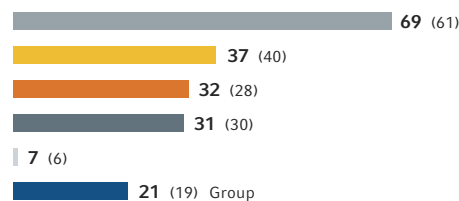
The EaD figures relate to the trading and banking book without the default portfolio (see III.2). In the past year, we reduced the Group portfolio by €25bn to €533bn which was much greater than originally planned. While the focus of the reduction was on Corporates & Markets, specifically Public Finance, we were also able to successfully grow Mittelstandsbank and CEE and increase the EaD by around €15bn. The Group's EL of €1,145m on the reporting date

Exposure at Default – Breakdown
in € bn as of December 2008



Values in parentheses: December 2007

Risk density (Trading and banking book)
in bp as of December 2008



was within the EL limit of €1,160m. Despite the poor operating conditions, risk density only rose by 2 bp. At the 2008 year-end we marginally exceeded the EL limit for Central and Eastern Europe (CEE) and Corporates & Markets. While the Corporates & Markets breach was primarily due to lower

risk density, a key factor in CEE was also the volume dynamic, but we systematically slowed this effect because of the market conditions. The change in EaD, EL and risk density by segment (including the trading book, but excluding the default portfolio) was as follows:

As of 31.12.	Exposure at Default in € bn		Risk Density in bp		Expected Loss in € m		EL Limit in € m	
	2008	2007	2008	2007	2008	2007	2008	2007
Private and Business Customers	61	62	37	40	227	246	247	241
Mittelstandsbank	86	80	31	30	268	241	281	241
Central and Eastern Europe	27	19	69	61	185	117	167	127
Corporates & Markets	267	301	7	6	187	191	175	201
Commercial Real Estate	86	86	32	28	274	239	280	260
Others and Consolidation	6	10	7	13	4	13	10	10
Group	533	558	21	19	1,145	1,047	1,160	1,080

2007 figures adjusted to current structure; see also segment report in the notes to the financial statements

The table below shows for the first time the Group portfolio's credit quality at segment level by IFRS categories. The loans and receivables (LaR) and fair value option (FVO) categories are reported as utilization or market values; we

show the EaD in the available-for-sale (AfS) and held-for-trading (HfT) categories. We took advantage in 2008 of the option to recategorize securities from AfS to LaR, which largely explains the change within these two categories.

in € bn		1.0 – 1.8		2.0 – 2.8		3.0 – 3.8		4.0 – 4.8		5.0 – 5.8		NR		Total	
		2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
Private and Business Customers	AfS	2.1	1.4	0.1	0.1	–	0.1	–	–	<0.1	–	–	<0.1	2.2	1.6
	LaR	0.6	1.2	35.0	36.7	10.9	9.7	3.7	3.0	2.2	2.2	0.5	0.3	52.9	53.1
	HfT	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	–	<0.1	<0.1	<0.1
Mittelstandsbank	AfS	–0.1	0.4	0.2	0.2	<0.1	0.5	<0.1	–	–	<0.1	–	–	0.1	1.2
	LaR	23.0	14.0	25.5	37.0	15.7	17.7	4.7	4.6	3.3	4.8	0.5	0.4	72.7	78.5
	HfT	1.9	0.5	1.5	1.5	0.4	0.7	0.1	0.1	0.1	0.1	<0.1	<0.1	4.0	2.9
Central and Eastern Europe	AfS	–	–	0.1	0.1	0.1	<0.1	–	<0.1	–	–	–	–	0.1	0.2
	LaR	1.7	1.9	9.5	13.1	4.7	6.5	2.4	2.6	0.2	0.3	0.1	0.1	18.6	24.5
	HfT	0.2	0.1	0.1	0.1	<0.1	0.1	<0.1	<0.1	–	<0.1	–	<0.1	0.3	0.2
Corporates & Markets	AfS	133.6	18.0	10.7	4.7	1.1	0.5	0.2	0.1	0.5	<0.1	0.3	0.3	146.3	23.6
	LaR	59.4	142.3	22.2	23.8	8.5	7.1	0.9	2.6	1.2	1.6	0.5	0.2	92.6	177.7
	HfT	41.9	37.7	8.4	9.3	2.3	7.7	0.1	0.3	0.4	0.2	0.2	1.0	53.3	56.2
	FVO	0.4	0.2	1.3	1.4	1.2	1.7	0.4	0.7	–	–	–	–	3.3	4.1
Commercial Real Estate	LaR	15.1	13.6	38.6	40.3	13.4	17.1	3.1	4.2	0.6	0.5	<0.1	<0.1	70.9	75.6
	HfT	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	–	–	<0.1	–	<0.1	<0.1
Others and Consolidation	AfS	3.0	2.1	0.6	0.1	<0.1	<0.1	–	–	–	–	1.4	0.2	5.0	2.4
	LaR	2.0	1.6	0.6	0.5	0.2	0.2	0.3	<0.1	0.2	<0.1	0.1	0.1	3.4	2.4
	HfT	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1	–	–	–	–	<0.1	<0.1	<0.1	<0.1
Group*	AfS	138.6	22.0	11.6	5.2	1.2	1.1	0.2	0.1	0.5	0.1	1.7	0.6	153.8	29.0
	LaR	101.7	174.6	131.4	151.5	53.3	58.3	15.1	17.0	7.8	9.4	1.8	1.1	311.1	411.9
	HfT	44.0	38.3	10.0	10.9	2.7	8.4	0.3	0.4	0.4	0.3	0.2	1.0	57.6	59.4
	FVO	0.4	0.2	1.3	1.4	1.2	1.7	0.4	0.7	–	–	–	–	3.3	4.1
Total	284.7	235.1	154.3	169.0	58.4	69.6	16.0	18.3	8.7	9.8	3.7	2.7	525.8	504.4	

*Not included in the table are subsidiaries CommerzReal, CB Schweiz, CCR and Bank Forum; further differences compared to the previous table are due to the presentation of utilization for LaR and market values for FVO

2) Trends in risk provisioning

The Group's provisions for possible loan losses in 2008 were dominated by the effects of the negative external operating conditions. Even in the fourth quarter, this resulted in more extraordinary charges against earnings, pushing up risk provisions again to third quarter levels. Corporates & Markets and Commercial Real Estate were again affected by this. Furthermore, major defaults were reported for the first time and quicker than expected, solely due to the impact of the financial market crisis, including in the Mittelstandsbank. The massive slowdown in the economy has reached the *Mittelstand*,

whereas the Private and Business Customer segment still proved to be robust in 2008. In Central and Eastern Europe risk provisions rose in the second half of the year as a result of new cases, again due to the financial crisis.

The trend in risk provisions in the lending business is as follows:

in € m					2007					2008	
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year	Special items
Private and Business Customers	73	66	58	43	240	40	40	43	40	163	
Mittelstandsbank	19	9	-48	-48	-68	11	8	12	148	179	114
Central and Eastern Europe	11	16	10	19	56	17	26	71	76	190	27
Corporates & Markets	18	17	61	35	131	57	42	382	195	676	511
Commercial Real Estate	39	39	26	11	115	50	298	92	178	618	453
Others and Consolidation	0	4	0	1	5	0	0	28	3	31	32
Group	160	151	107	61	479	175	414	628	639	1,855	1,137
Special items 2008*						34	327	396	380	1,137	

*ABS portfolio, CRE international exposure, special charges due to financial crisis (financial institutions and special cases Mittelstand portfolio), first-time consolidation Bank Forum

All in all, the special items in 2008 came to €1,137m, comprising the following components: ABS portfolio €101m, foreign CRE commitments €453m, special charges for the financial crisis €573m, first-time consolidation of Bank Forum €11m.

Although risk provisions in Corporates & Markets were down compared to the peak in the third quarter, in the fourth they still contained significant special charges of some €85m from the default of financial players and charges from the ABS portfolio of around €19m. In the same quarter, Commercial

Real Estate also posted more special items of around €156m in total from major specific cases in the foreign portfolio, particularly Spain.

Compared to the historically low result in 2007, credit risk provisions in 2008 more than trebled due to the financial crisis. The results by risk provision component can be seen at segment level as follows:

As of 31.12.	Run rate		IC result		Specific LLP net		Change in GLLP		Total net risk provisions	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
Private and Business Customers	302	194	-12	-3	290	190	-51	-28	240	163
Mittelstandsbank	213	444	-407	-207	-194	236	126	-58	-68	179
Central and Eastern Europe	51	145	-25	-35	25	110	31	80	56	190
Corporates & Markets	125	588	-8	14	117	602	19	74	135	676
Commercial Real Estate	262	663	-131	-48	131	615	-20	3	111	618
Others and Consolidation	5	32	0	0	5	32	0	-1	5	31
Commerzbank Group total	957	2,065	-583	-280	374	1,784	105	71	479	1,855

The run rate (risk provisions for new cases) more than doubled overall, with only the stable Private and Business Customers segment posting a significant year-on-year fall in 2008. Other units reported a substantial increase. The negative trend was also reflected in the fact that in the Mittelstandsbank, the fourth quarter accounted for disproportionate €142m of the €179m overall result. In the Central and Eastern Europe segment, the rise stemmed from the BRE portfolio, and was also a result of special effects arising from the financial crisis. The defaults of financial players largely accounted for the rise in run rate in Corporates & Markets, with a charge of over €400m. In Commercial Real Estate, €453m of the run rate was attributable to large cases in the foreign portfolios. The Neutral run rate stemmed from the default of a financial player.

As expected, the IC result was down, even adjusting for the positive €164m special effect in 2007 (booked in the Mittelstandsbank). However, with net releases of €280m – still principally from Mittelstandsbank – the positive contribution to earnings was still considerable despite the poor conditions. Charges for general loan loss provisions (GLLPs) were down compared to 2007, due mainly to the release or use of the top level adjustment created in the Mittelstandsbank in 2007 for financial institutions.

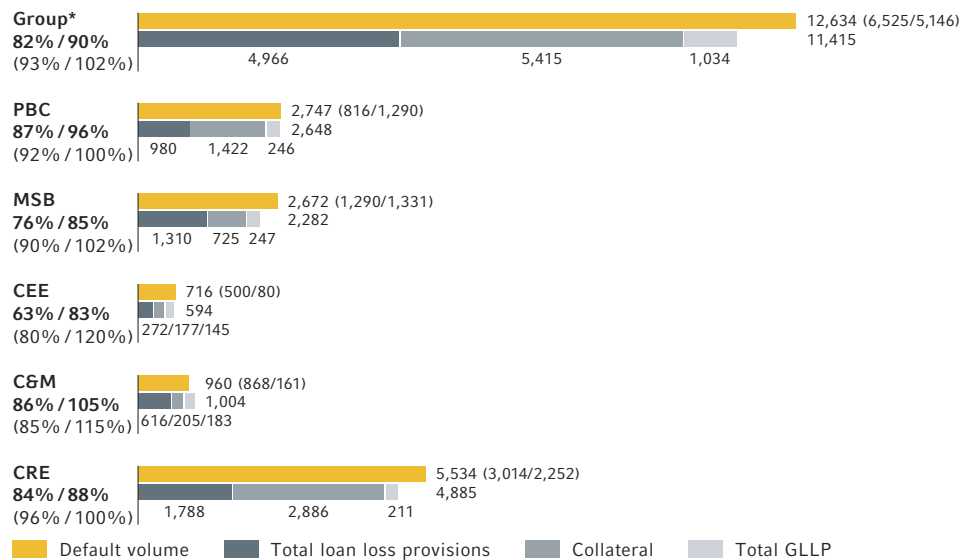
The negative economic environment also had an impact on the default portfolio in the fourth quarter. At Group level, the volume in December stood at €12.6bn. The high inflow (€6.5bn) was partially offset through operational workout (€5.1bn), and the net rise in the fourth quarter limited to €600m. Overall, the volume in the default portfolio rose year-on-year by €1.4 bn. The increase was dominated by bulk risk, principally in Mittelstandsbank, CRE and Corporates & Markets. However, there was a general increase in new cases, including ones from the granular

sector. This was also seen in the Central and Eastern Europe segment for the first time. Aside from the increased inflow, successful and efficient processing proved to be increasingly difficult against the background of the negative trends on the real estate market. Future movements in default volume crucially depend on how the restructuring and processing of individual bulk borrowers goes.

The default portfolio was broken down as follows:

Performance of Default Portfolio

(in € m) – excl./incl. GLLP



Values in parentheses: December 2007 (additions/disposals vs. December 2007)

* including Others and Consolidation

Total collateral of €5.4bn has been deposited for the default portfolio. In Private and Business Customers this relates almost exclusively to land charges on own-use and rented properties. In the Mittelstandsbank, collateral is divided between various types. Guarantees and mortgage liens on commercial properties cover the largest amounts. In addition, large sections of portfolios are also secured through transfers of title and pledged assets. For the Central and Eastern Europe portfolio, land charges are mainly used as collateral, and for the commercial sector transfers of title and pledges are used. The level of collateral in the Corporates & Markets portfolio principally comprises transfers of title, as well as pledges and assignments. In CRE, almost all collateral relates to charges on commercial property.

Overall, we expect the default portfolio to show a recovery rate of around 18 %, which corresponds to uncovered risk. Almost two-thirds of expected cash flows relate to restructuring commitments which have not yet been called. Assumptions on recovery proceeds are based on statistically proven rates (using the certified LGD model).

In order to avoid an increase in the default portfolio, excesses are closely monitored at Commerzbank. In addition to the 90dpd trigger event, a computer-based excess management system goes into effect even before that point as of the first date of the excess. The following tables shows excesses in the non-default- book as at December 2008:

Segment in € m	EaD				Group
	>0<=30 days	>30<=60 days	>60<=90 days	>90 days	
Private and Business Customers	1,195	166	75	216	1,653
Mittelstandsbank	3,084	424	168	28	3,703
Central- and Eastern Europe	195	69	32	1	297
Corporates & Markets	1,883	116	29	15	2,042
Commercial Real Estate	1,865	78	76	198	2,218
Group*	8,581	879	381	496	10,337

* incl. Other/Consolidation

3) Limiting bulk and concentration risks

The target and benchmark for strategic management of credit risk in Commerzbank Group is the risk/return-based target portfolio as defined by the credit-risk strategy, along with the resulting sub-portfolios based on target groups and markets. Concentrations of risk in bulks, countries, target groups and products are restricted through active management, taking the special characteristics of each segment into account. As a central element of risk policy, bulk risks are managed on the basis of economic capital. In this approach, the key variables include portfolio granularity and correlation assumptions relating to segment-specific, sector-specific and country-specific factors.

Borrower units with economic capital consumption of at least €5m are defined as a bulk risk. Borrower units having

more than €20m in economic capital consumption are not wanted over the long term and are systematically reduced, in some cases by using modern capital market instruments such as credit default swaps (CDSs). The importance of limiting bulk risks is also indicated by the fact that the Board of Managing Directors specified in its own internal rules that unanimous resolutions are required for any board-level credit decisions involving economic capital consumption in excess of €10m (based on final take).

The economic capital consumption of current bulks rose by year-end due to rating downgrades in the wake of the financial market crisis. Both the number and CVaR consumption of bulks rose significantly from September 2008, and had far exceeded the internal bulk risk limit of €1bn economic capital consumption by year-end.

Current bulks

Economic capital consumption in € m

Dec 07	903
Dec 08	1,424
Limit	1,000

By merging the commitments with Dresdner Bank, bulk risks in the new Commerzbank as measured by CVaR rose again substantially. The economic developments mean that we see much greater risks, particularly for borrowers with a high debt-to-equity ratio, notably for the major lending portfolio in the automotive supplier sector. As part of the integration process we therefore reviewed our bulk risk strategy and adjusted the entry parameters. In future, not only will commitments with a high CVaR come under bulk risk management, but also those with an LaD above €100m or an EaD higher than €1bn, in order to limit the latent default risk to a maximum amount, even for commitments with higher ratings. The key element of the new bulk risk strategy is that in future, we do not want any individual bulks with an LaD over €400m in the portfolio, irrespective of the customer's creditworthiness. There can only be exceptions to this for government or banking institutions in Germany or temporarily as part of the syndication of highly liquid positions. However, as the markets are currently extremely illiquid, we are currently making almost no use of this.

4) Country risk management

When calculating country risk, Commerzbank measures both transfer risks and the region-specific event risks determined by politics and economics that affect a country's individual economic assets. Country risk management includes all the decisions, measures and processes that draw upon the information provided by risk quantification, and are intended to influence country portfolio structure in order to achieve business and return targets.

Exposure to emerging market countries (country rating \geq 2.0) by region:

As of 31.12.	Exposure at Default in € bn		Loss at Default in € bn		Risk Density in bp		Expected Loss in € m	
	2008	2007	2008	2007	2008	2007	2008	2007
Europe (incl. Turkey)	15.9	20.2	5.7	7.0	40	31	64	63
Asia (incl. Middle East)	6.0	3.8	1.9	1.4	19	41	11	16
Africa	2.0	2.1	0.7	8.0	18	22	4	5
Central and South America	1.4	1.8	0.6	0.8	28	50	4	9
Emerging Markets total	25.3	27.9	8.9	10.0	33	33	83	93

Apart from limiting the expected loss, limiting the exposure at default and loss at default will in future play a greater role in the limiting process.

Exposure volume in Europe declined during the course of the year thanks to improved ratings for some countries (e.g. Slovakia and Poland) and the fact that they therefore

dropped out of country risk management; in fact, there was impressive growth in our exposure in Central and Eastern Europe. The rise in exposure in Asia was due to the expansion in the country limit group.

Because of the financial crisis and the global economic downswing, the risk situation is worsening in many emerging markets. The industrial nations are withdrawing liquidity and the demand for exports is falling sharply, and economic growth can be expected to slow down even further in 2009. The IMF has already put together bail-out packages for Hungary and the Ukraine, and other countries have submitted requests for help. Iceland is a good example of a developed country which has been pushed to the brink of insolvency by its extensive international banking activities.

The countries that are particularly vulnerable to contagion by the financial market crisis include those with high trade deficits, high short-term debt and low currency reserves. Countries that export minerals and agricultural commodities are facing falling export earnings. As a result, the emerging market countries are now growing at a much slower pace than expected just a few months ago. Commerzbank has reacted to these developments by reducing country limits and subjecting portfolios to a critical review.

IV. Market and funding risks

Market price risk (market risk) includes the risk of losses due to changes in market prices (interest rates, spreads, exchange rates, share prices, etc.) or in parameters that affect prices such as volatility and correlations. We also monitor market liquidity risk, which measures the time it takes to close or hedge risk positions to the extent desired.

Value at risk (VaR) shows the potential losses that will not be exceeded, allowing for given degrees of probability and holding periods. In addition to the trading book risks covered by the BaFin-certified internal model (including the banking book's currency risk), Commerzbank's credit spread, equity investment and interest rate risks in the banking book are also subject to internal monitoring and limits (including sensitivity limits).

1) Market risk in the trading and banking books

Market risks in the trading book

Over the course of the year, market risks in the trading book – measured at a confidence level of 99 % and a holding period of ten days – rose sharply by €60.7m to a value at risk (VaR) of €96.3m. This was caused primarily by the sharp rise in market volatility in all asset classes, and accelerated again in the 4th quarter as a result of greater uncertainty after the Lehman collapse.

Historic highs in volatility for equities and bonds (credit spreads) in particular resulted, which was reflected in the increase of Commerzbank's risk-relevant parameters, resulting in higher risk values for the value-at-risk calculation. Furthermore, the risk throughout December was significantly increased again through a total return swap on an equity position with Dresdner Bank. Without this position, the rise would only have been €33.5m.

For the remaining underlying positions the Bank continued its business strategy in 2008 of focusing systematically on customer-driven business in Corporates & Markets (ZCM). There were also further reductions in trading risks in the wake of the crisis, particularly in credit derivatives (by reducing CDS positions) and equity derivatives (through hedging).

On the income side, this hedging in equity derivatives trading brought more good results, even in 2008's falling market. As a result, we were able to partially offset losses in declining warrant and certificate business in the fourth quarter. The Bank achieved higher than expected gross income in 2008 in interest derivatives and FX trading as well.

Credit trading suffered losses from September to December due to the massive market turbulence following the Lehman collapse. This was due to the significant

widening of credit spreads and reduction in basis spreads (the difference between bond spreads and credit derivative spreads). As a result, gains on CDS hedges could not make up for the losses on the underlying bond positions. Overall, credit derivative volume was actively reduced on a gradual basis in 2008, but because of the lack of market liquidity this could not be carried out to the desired extent.

Market risks in the banking book (including equity investments)

Overall, a proactive approach to risk analysis and active risk management allowed us to reduce the negative impact on the banking book positions. In the equity investments portfolio, the reduction in holdings and other hedging transactions during the year led to a significant reduction in risk despite much greater volatility on equity markets.

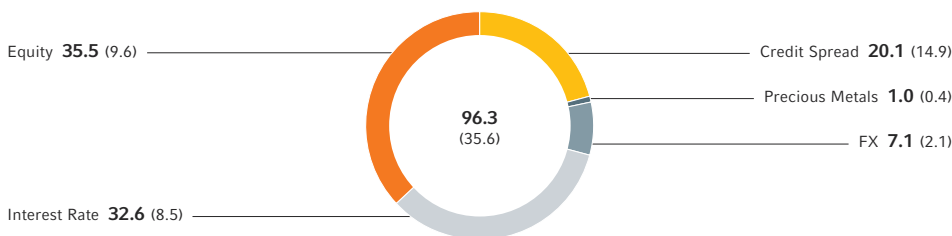
In Treasury and ALCO, the interest rate exposure in the banking book was largely stable during the year. Group Treasury centrally manages interest risk arising from commercial business and the Group's liquidity risk. Interest rate risks also arise from the investment models which are the responsibility of the central ALCO (Asset & Liability Committee), including in particular the investment and refinancing of equity capital as well as the investment of savings and sight deposits.

Overall, market risk in the banking book increased again, mainly due to credit spreads. This was caused by the fact that the reduction in exposure, in terms of volume and maturity, was more than made up for by the increase in volatility.

In the Public Finance sector a total return swap portfolio on US municipal bonds with a total volume of USD2.1bn was included. USD200m of this was cut in 2008, and the remaining USD1.9bn was reduced by the beginning of February 2009. Although there was a loss of some €500m on this position in 2008, a gain of around €90m should be recorded for 2009.

Given that we expect the current difficult market environment to persist, priority must be given in 2009 to the consistent reduction or hedging of exposure in public finance and equity investments.

Market risk in accordance with the internal model (99%, 10 days)
in € m



Values in parentheses: December 2007

Risk management and limitation

Commerzbank defines its market risk limit for value at risk and stress testing at Group level in top down terms, based on economic capital required (risk-taking capability). The limits for the individual business areas and portfolios are then allocated on the basis of the achieved and expected risk/return ratio, market liquidity of assets and the relevant business strategy. The extent to which limits are utilized is reported by the independent risk control unit on a daily basis to the Board of Managing Directors and business area or department managers.

As a result of the financial crisis, the historically high market volatility led to a sharp rise in value at risk figures and consequently to limit breaches at various portfolio levels. Not least due to these limit breaches, the relevant committees decided on reduction measures to be implemented in business areas wherever possible in the current market environment, especially for the trading and banking book portfolios, which are sensitive to credit spreads.

Sensitivity limits for credit spreads were also introduced for the first time in 2008. This serves in particular to limit and manage the potential NPV changes in the revaluation reserve, including the cover fund portfolios of Public Finance. Sensitivity limits restrict the change in the NPV of positions in the event of a variation in the yield or credit spread curves by 1 basis point.

Stress and scenario analyses

The financial crisis itself has highlighted the importance of adequate stress tests and scenario analyses for effective risk management. The Bank carries out comprehensive group-wide stress tests and scenario analyses as part of risk monitoring. The goal is to simulate the impact of crises, extreme market conditions and major changes in correlations and volatilities on Commerzbank's overall market risk position. The effects on the various components of comprehensive income – income statement, revaluation reserve and hidden reserves or liabilities – are also quantified. The bank-wide stress test calculation is based on a combination of historical and anticipatory (synthetic) scenarios for individual asset classes, i. e. equities, interest rates, credit spreads and currencies.

During the financial crisis, anticipatory scenarios in particular were regularly enhanced and adjusted for current market developments and expectations, including those of the Bank's economists, business areas and market risk function.

2) Funding risks

Funding risk refers to the risk that Commerzbank will be unable to meet its current and future payment obligations as and when they fall due (liquidity risk).

Risk management and limitation

With the internally developed liquidity risk measurement approach, the available net liquidity (ANL) for the next twelve months is calculated on the basis of contractual and economic cash flows and compared with liquid assets. The results are then used to produce forecasts for trends in liquidity at different aggregation levels such as currencies, products or business units. The model is supplemented by comprehensive stress analyses. Given the developments in money and capital markets, liquidity management was carried out in 2008 on the basis of stress scenarios. The stress scenarios used by Commerzbank to manage liquidity were and are being adjusted to the current market situation on an anticipatory basis.

To ensure that the Commerzbank Group has sufficient liquidity, Treasury works with the central liquidity management team to carrying out stress analyses and simulations and submits flexible and timely proposals for actions and measures to secure the short, medium and long-term liquidity situation.

The situation on the money market, capital markets and equity repo markets has worsened considerably from the onset of the subprime crisis to the current systemic financial crisis following the bankruptcy of Lehman Brothers. Time deposits are hardly traded on the interbank market, the market for issues practically came to a standstill during the reporting period, Euribor/Eonia spreads have widened sharply, and much smaller volumes are being traded on the equity repo markets. Commerzbank took a string of measures to counteract this situation.

The inflow of customer funds, ongoing asset reductions for cash, and efforts to use assets more efficiently by delivering collateral to the ECB in order to manage the liquidity situation are already compensating for the lack of funding via long-term time deposits on the interbank market. The liquidity situation improved significantly when the Bank received the first tranche of SoFFin capital, amounting to €8.2bn, and guarantees of €15bn. This meant that at the year end, in the 2009 stress scenario forecast liquidity available at any one time never fell below €7bn. This stress limit provides a risk buffer for guaranteeing payment transactions.

However, the coordinated approval of various rescue packages by European governments has led to the first tentative signs of a recovery.

Liquidity risk model

Commerzbank's liquidity risk model has been approved as suitable in principle and ready for certification during the Phase I review by the Bundesbank on behalf of BaFin. We were advised of the final certification and thus the freedom to take advantage of the disclosure provision in the Liquidity Regulation at the end of Phase II of the review, which focused on Eurohypo. The time schedule for the certification of the model is currently being reviewed with BaFin and the Bundesbank in view of the integration of Dresdner Bank.

Other elements of liquidity management

Operating liquidity is secured by Treasury covering intraday payment commitments. The management principle in the long-term area (i.e. over one year) is the stable funding ratio, which shows the extent to which the core business and illiquid assets are financed by stable funding.

V. Special portfolios with special risk content

1) Secondary market ABS portfolios (incl. non-prime)

1.1) Investor positions

The volume of ABS credit risks in the banking book based on market values totalled €9.6bn as at December 31, 2008 (prior year: €12.1bn), with an additional €1.6bn in the trading book (prior year: €2.1bn) subject in part to a daily mark-to-market valuation. The fall is due to the disposal of assets and the repayment and expiry of commitments. The slight rise in the US dollar acted against this, causing a modest volume increase. All assets have been fully consolidated in the balance sheet of Commerzbank Group for many years and are subject to ongoing risk monitoring. The following table shows the effects on profit:

in € m	2007	Q 1 2008	Q 2 2008	Q 3 2008	Q 4 2008	Full year 2008
Impairments AfS/ trading book	695	244	171	244	333	991
Loan loss provisions	82	34	19	30	18	101
Total	777	278	190	274	351	1,092

Of the €11.2bn market value, only €0.3bn (=2.7 %) related to the US non-prime sector at the end of December 2008. Charges incurred in the reporting year totalled €1.5bn, of which €1.0bn were impairments, €0.1bn risk provisions and €0.4bn additional charges for the revaluation reserve.

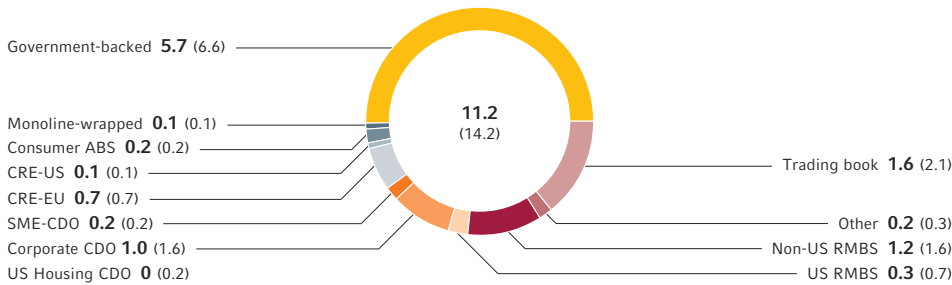
Detailed overview of US non-prime portfolio (including Alt-A positions)

Performance significantly deteriorated again in the year as a whole. The losses in the non-prime portfolios reported so far, particularly the critical 2006 and 2007 vintages, are already far above the level of the accumulated overall losses of earlier vintages. Assuming that the delinquencies for these vintages rise on a cumulative basis to more than 40 % per portfolio and the loss severity is now more than 60 % due to market price erosion, the total default rate for most portfolios must be estimated at 25 % or more. Due to continued market price erosion in the real estate sector, the default rate will rise further. This is equivalent to a total loss of capital for all RMBS tranches rated AA or lower and a total loss of capital for mezzanine CDOs, including their AAA tranches (ratings based on the original ratings). For these positions the market values will probably be equal to just the interest payments.

The total volume of non-prime and Alt-A underlying assets in Commerzbank Group based on nominal values stood at €1.5bn as of December 31, 2008 (of which CDOs with non-prime/Alt-A underlying assets were €0.3bn). While the RMBS assets are held in Eurohypo and CB Europe, the CDOs are booked in the New York branch. The CDO portfolio has been largely written off. During the reporting year we also reported further significant write-downs on US non-prime/Alt-A RMBS assets, which means that currently their market value is around €0.3bn. More write-downs should be expected in 2009.

Breakdown of underlying assets by product

market values in € bn



Values in parentheses: December 2007

1.2) ABS positions structured by Commerzbank

Originator positions In the last few years, Commerzbank and Eurohypo have securitized receivables totalling around €23bn (current volume: €17.5bn), largely for reasons of capital management. Just under €9.0bn still remained on our own books as of the end of December 2008. The first loss pieces of these transactions have a risk

Non-prime CDO portfolio

The valuation of the CDO portfolio and the defaults in the portfolio are driven primarily by the performance of the underlying RMBSs. However, since CDOs are actually securitizations of securitizations (two-storey structures) and therefore have even greater leverage, the portfolio is deteriorating – especially as regards the junior tranches. The portfolio now has a market value of only €13m. Charges comprise €316m in impairments and €13m from a change to the revaluation reserve.

weighting of 1.250 % and are directly deducted from equity (half each from Tier I and Tier II).

Securitization pool in € m	Maturity	Total volume	Commerzbank volume		
			Senior	Mezzanine	First loss piece
Corporates	2013 – 2027	8,183	7,302	140	156
CMBS	2010 – 2084	8,628	1,250	76	18
RMBS	2048	466	1	18	0
MezzCap	2036	178	13	8	9
Total		17,455	8,566	242	183

Commercial mortgage-backed securities (CMBSs)

The CMBS portfolio of Commerzbank Group had a market value of €1.15bn as of December 31 (of which €0.4bn in the trading book). In 2008 we had to take impairments in this sub-portfolio for the first time because of a spill over of the crisis in the US housing market, which is now affecting the commercial real estate segment. We expect more impairments and write-downs through a charge to the revaluation reserve in 2009.

Sponsor positions Commerzbank has made liquidity lines available for its own conduits totalling €1.1bn; a total of €0.6bn had been drawn on these lines as of the reporting date. In addition, Commerzbank has purchased commercial paper totalling €292m in connection with the Kaiserplatz program. Liquidity lines for conduits of other banks total €0.2bn, but had not been drawn on as of the reporting date.

Own conduits in € m	liquidity line	thereof drawn lines
Kaiserplatz	532	135
KP Avalon	245	244
MidCABS	223	172
Aspire	83	69
Sub-Holding-Wide-Program-Enh.	48	0
Total	1,131	620

2) Leveraged acquisition finance

The Commerzbank LBO portfolio stood at €3.0bn as of December 2008 (only acquisition tranches, including €0.3bn assets for the CLO warehouse – this programme was discontinued at the end of September 2008) (December 2007: €2.9bn) and has a regional focus on Europe (86 %). In 2008 this well-structured portfolio (average lot size about €30m) only reported an impairment of some €11m for a single position. Our maximum portfolio limit of 1 % of the Commerzbank Group's EaD plus the portfolio guidelines that were significantly tightened in September have proved successful in the current environment. Given the market environment, proactive LBO portfolio management via the secondary market is only possible to a very limited extent at the moment, if at all.

3) Financial Institutions

After the massive upheaval in the third quarter culminating in the failures of Lehman Brothers and the Icelandic banks and the nationalization of Fannie Mae, Freddie Mac and AIG, the situation for financial institutions stabilized in the fourth quarter. Despite the relentless economic pressure on financial institutions, the massive state bail-outs began to take effect, thus averting further collapses. The lessons learned from the Lehman Brothers bankruptcy helped greatly in increasing governments' willingness to provide support.

As part of our anticipatory risk management approach we examined our Financial Institutions portfolio for asset classes in danger of default as far back as 2007. The task force investigated banks with a conspicuous risk profile in the following areas: (i) subprime/ABS, (ii) real estate exposure in overheated markets, (iii) refinancing largely by way of wholesale funding, and (iv) mismatching maturities. We then adjusted our credit risk strategies to the new situation and implemented additional risk-minimizing and risk-eliminating measures.

Our countermeasures enabled us to substantially reduce the risks in the FI portfolio whenever market liquidity allowed. Our Financial Institutions portfolio has been reduced by more than €60bn since the beginning of 2007, and in the above categories in danger of default exposure was reduced by more than €5bn.

However, our plans to continue to reduce critical risk assets have been severely hampered by the illiquidity of the global capital markets since the third quarter of 2007.

We have nevertheless implemented risk-minimizing measures in the portfolios we have identified as critical. In this difficult situation, the following risk-mitigating measures have helped to improve our risk profile:

- Strengthening collateral agreements with daily margining,
- Shortening maturities,
- Stricter documentation,
- Risk-adequate pricing,
- (Portfolio) hedges.

In spite of the early identification and reduction of critical parts of the portfolio, we were unable to avoid being affected by the failures of Lehman Brothers, Washington Mutual and the division of Icelandic banks into "Good and Bad Banks." The early implementation of countermeasures meant that we successfully managed to halve our Iceland portfolio since 2006, but the risks could not be eliminated entirely when markets became more difficult. In the case of Lehman Brothers we were also encouraged by the US Treasury Department's rescue of Bear Stearns and for too long shared the market's mistaken belief that Lehman was "too big to fail."

Another burden which we did not expect to be quite so heavy was the severe market turbulence experienced during the re-hedging process and realization of collateral for the positions affected by Lehman's failure. During our subsequent analysis of the situation and the lessons learned we redefined the risk parameters for bulk risks and risk correlations that apply to our main trading partners.

The EaD of the Financial Institutions portfolio as of December 31, 2008 stood at €144bn (September 30: €140bn). The rise in EaD was mainly attributable to special effects (the Hypo Real Estate (HRE) support package plus an increased willingness to grant loans to our subsidiaries). Without these effects, EaD would have fallen substantially. The risks come from banks, investment banks, insurance companies and (hedge) funds:

	Exposure at Default in € bn	Expected Loss in € m
Banks	115	68
NBFI	27	28
Insurances	2	<1
Total	144	97

Breakdown by rating class as of December 31, 2008:			
PD Rating	Exposure at Default in € bn	Expected Loss in € m	CVaR in € m
1.0 – 1.8	98	5	64
2.0 – 2.8	29	22	156
3.0 – 3.8	13	26	159
4.0 – 4.8	2	18	100
> 4.8	2	26	37
Total	144	97	516

The portfolio is dominated by investments by our mortgage subsidiaries in bonds from issuers with a good credit rating, counterparty risks arising from trading transactions, and commercial real estate financing, mainly secured through land charges, for funds managed by banks. Collateral agreements are used for proactive risk management of derivatives business, and the portfolio's level of coverage by these instruments is being continuously increased as part of our active exposure management approach.

Breakdown by region as of December 31, 2008:			
	Exposure at Default in € bn	Expected Loss in € m	CVaR in € m
Africa	2	4	15
Asia / Pacific	10	19	66
Germany	52	13	115
North America	14	7	40
Eastern Europe	7	17	90
Scandinavia	3	1	8
Central and South America	1	4	16
Western Europe	55	32	166
Total	144	97	516

A large component of this business consists of OECD countries with good ratings. The proportion of emerging market regions is primarily the result of processing foreign trade of German Mittelstand companies. The current bank rating system is being reviewed in the light of the lessons learned from the financial market crisis and will be re-defined to enable an even more accurate selection of risk.

4) CDS portfolio

The nominal volume traded on CDS markets rose to more than USD 62,000bn by the end of 2007. As a result of the financial crisis, this volume had fallen by end of June 2008 to almost USD 55,000bn. Since the nominal volumes of CDS

transactions by our Bank were kept at a constant €160bn during the past few years, our market share has fallen from around 3 % in 2004 to less than 0.5 %, which underlines our conservative approach to these markets.

To reduce the systematic risk that derives from counterparty risk in credit derivatives, the financial industry is working hard to establish central clearing houses. These initiatives are quite advanced, particularly in North America. The plans are also making good progress in Europe. In October last year, the EU Commission launched an initiative for introducing new regulations for the derivatives market. The European banking industry and Commerzbank expressly support the establishment of central clearing houses for CDSs.

VI. Operational and other risks

1) Operational risk

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

Key trends in 2008

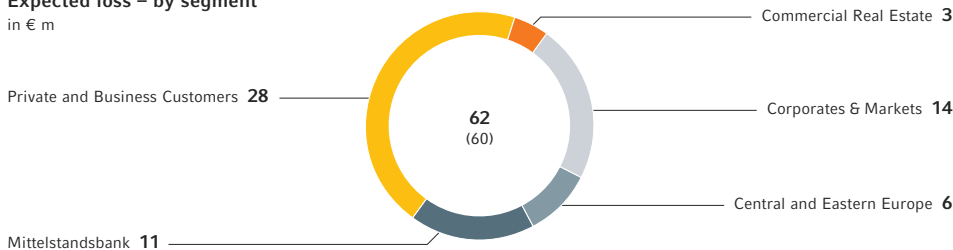
The financial industry's experiences of OpRisk events in the reporting year showed that significant losses due to weaknesses in control processes, an inadequate management overview or fraudulent activities are much more likely to occur in periods of extreme market volatility. We therefore focused on monitoring and continually improving control processes in investment banking and implemented measures to limit the constant residual risk of human error or fraudulent actions. This involved, for example, implementing measures as part of IT security, for the reconciliation process of business confirmations and for monitoring trader portfolios. Activities still outstanding are being implemented for the new Commerzbank's target structure as part of the Dresdner Bank integration.

We also continually upgraded the internal models and methods used to manage operational risk. Another area of focus was implementation of the MaRisk requirements for bank outsourcing and inclusion of outsourced activities into Commerzbank's risk control process.

OpRisk losses of €83m were reported in 2008 (2007: €65m), and in addition the provisions for operational risk and ongoing litigation had to be increased by €18m (2007: €75m). The positive trend of losses for the first

Expected loss – by segment

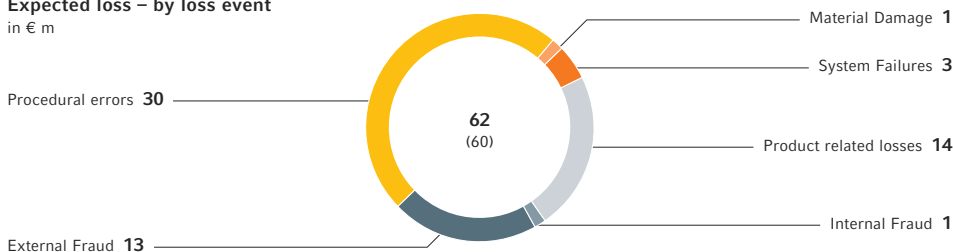
in € m



Values in parentheses: December 2007

Expected loss – by loss event

in € m



Values in parentheses: December 2007

nine months ended in the fourth quarter, including in particular a €31m loss from the settlement of a trading position with disputed agreements. Nonetheless, the total charge arising from operational risk of €101m was significantly less than the prior year figure (2007: €140m).

The increased operational risk losses also had an impact on the expected loss, which increased accordingly from €60m in 2007 to €62m in 2008.

The regulatory capital backing for operational risk according to the advanced measurement approach (AMA) was €760m in 2008. Of this amount, Corporates and Markets, Mittelstandsbank and Private and Business Customers accounted for about 80%, an amount that has been relatively stable over time. Loss data provided by the Operational Risk Data eXchange Association (ORX), which we regularly use for benchmarking analyses, show comparable risk profiles.

Risk management and limitation

Limiting operational risks differs systematically from limiting market and credit risk, since the portfolio is not made up of individual clients or positions but internal processes. Possibilities for transferring risk via the traditional insurance market are currently available to only a limited degree, and measures to be taken when limits are

exceeded are therefore only effective after a certain time lag. The focus for this type of risk must therefore be more on anticipatory management by the segments and cross-divisional units.

The following measures were defined as qualitative goals to further optimize the OpRisk profile in Commerzbank Group:

- Improving the scoring for qualitative OpRisk components of the bonus-and-penalty model and thereby reducing capital adequacy requirement.
- Implementing new governance structures to support proactive risk management in the segments.

Risk-strategic areas were defined in our operational risk strategy for 2009. These included:

- Greater analysis of OpRisk in connection with the financial crisis
- Operational risk in connection with the integration of Dresdner Bank
- Upgrading the OpRisk early warning system
- Analysis and management of risks from product liability

Outsourcing

In 2007 Commerzbank strengthened measures for controlling its outsourcing activities. The revised version of MaRisk that was issued on October 30, 2007 requires banks to carry out risk assessments of their outsourcing arrangements. Banks must form their own view on the materiality of outsourcing measures. Implementing these new requirements was the focus of our efforts in 2008. To this end, an IT-supported application for continuous monitoring of outsourcing-specific risks was implemented as part of a project.

Legal risk

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

Deposit insurance fund

Commerzbank is a member of the deposit insurance fund of the German Banking Association. Special contributions to this compensation scheme cannot be ruled out at the present time in view of a large loss in 2008.

2) Business risk

Business risk covers the risk of losses due to the negative deviation of income (essentially commissions) and expenses from the budgeted figures and is therefore primarily impacted by basic conditions in market environment, customer behaviour or technological development that have changed relative to the assumptions made for planning purposes.

Business risk is managed by means of clear targets for specific business areas as regards returns as well as cost/income ratios and continuously flexible cost management in the event of non-performance.

3) Other risks

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

Personnel risks

As in MaRisk, Commerzbank defines four categories of personnel risks:

- **Aptitude risk:** employees and those standing in for them must have the required knowledge and experience appropriate to their duties, authority and responsibilities. Appropriate training and continuing education programs must be offered to ensure that the level of employee qualifications keeps pace with the current state of development.
- **Motivation risk:** pay and incentive systems must be designed so that they do not lead to conflicts of interest or inappropriate incentives, especially in the case of senior managers.
- **Departure risk:** the company must ensure that the absence or departure of employees will not result in long-term disruptions to operations. The criteria governing appointments to managerial staff positions in particular must be defined.
- **Bottleneck risk:** the quantitative and qualitative staffing of the Bank must be based on internal operating requirements, business activities, strategy and the risk situation.

Strategic risk

Strategic risk is the risk of negative impacts on the achievement of Commerzbank's strategic goals as the result of changes in the market and competitive environment, capital market requirements, regulations or politics, inadequate implementation of Group strategy or inconsistent development of segments and business areas.

Responsibility for strategic corporate management lies with the Board of Managing Directors, which is supported by Strategy and Controlling (ZKE) for strategic issues. Some business policy decisions (acquisition and disposal of equity holdings exceeding 1% of equity) also require the approval of the Risk Committee of the Supervisory Board. In addition, all major investments are subject to careful review by the Investment Resources Allocation Committee (IRC). On the basis of ongoing observation of the market and competitive environment, both German and international, and of the requirements imposed by the regulatory authorities and the capital markets, key changes and developments are continuously analyzed to determine the action that needs to be taken to ensure long-term corporate success.

Reputational risk

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

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

Compliance risk

The success of Commerzbank Group depends largely on the trust and confidence of our clients, our present and future shareholders, our staff and the public in the capacity and potential and especially the integrity of our group. This confidence is based particularly on compliance with applicable statutory, regulatory and internal regulations and conformity with customary market standards and codes of conduct in the global business activities of the Group. The Board of Managing Directors has primary responsibility for compliance and has assigned the function to Group Compliance (ZGC). The goal is to identify early on any compliance risks that could call into question the integrity and therefore the success of Commerzbank Group, to prevent such risks if possible, and control them or resolve them properly in the interest of those involved.

VII. Summary outlook for the new Commerzbank

Restructuring the risk function/risk integration project

The new Commerzbank attaches great importance to a resilient business model and strong risk management procedures. It follows a consistent derisking strategy and will strengthen its risk management process during the restructuring phase. The risk function is spread across nine areas, of which five will carry out this function for the CRO segment and accept responsibility for all quantifiable risks in this segment.

Of the four Corporate Center risk functions, one handles credit risks, while another takes charge of the market and operational risks of the Commerzbank Group; these two teams ensure that the Group applies uniform methods and controlling procedures. Another Corporate Center function is responsible for intensive care management and work-outs for all segments. Risk Operations oversees all the Group's risk functions. It implements a uniform risk strategy, carries out macroeconomic risk research, ensures uniform target group-focused use of language in all internal and external risk reports, puts forward proposals for more efficient and cost-effective processes, monitors the budgets, takes charge of cross-segment staff training and qualification, and coordinates all these measures with the banking supervisory authority.

All nine risk functions are headed by the CRO and the Risk Management Board, who is responsible for timely reporting, cost-efficient and proactive risk controlling and management, a uniform risk culture and compliance with all regulatory provisions.

By merging the methods, models, competencies and the risk strategies for the homogenous sub-portfolios of the new Commerzbank, we are well on our way in our preparations for integration. We are aware that the integration of Dresdner Bank into the new Commerzbank presents an enormous challenge for the risk management functions, particularly the downsizing of the portfolios of ABSs/conduits, leverage acquisition finance and CDSs, which have grown considerably due to the incorporation of Dresdner Bank. However, we are well equipped to master these challenges with strength and can rely on a motivated and effective team made up of staff from both banks.

Risk-taking capability

In 2008 we fundamentally reviewed and enhanced our existing economic credit risk capital model. The new Merton model that we began using in January 2009 has led to a much higher CVaR in the Group. We had previously reflected this long-anticipated development through tougher stress scenarios. Significant features of the new model are:

- Improved, more conservative modelling of correlations and bulk risks
- A risk factor model specially designed for the new Commerzbank portfolio
- A module with loss waterfall simulation for structured products.

With the introduction of this new credit risk model we also had to change our risk-taking capability approach to an assessment of economic and regulatory risk weighted assets (RWA). In future, the key reference for analyzing risk-taking capability will be solely the regulatory definition of capital, for both economic and regulatory capital purposes. This will give us a conceptual comparability that is lacking when using a different economic definition of capital available to cover risk. Comparing the RWA with available capital produces regulatory and economic core capital and capital adequacy ratios that also reflect the application of economic stress scenarios. The capital buffer comprises the existing excess cover of the capital requirement under Basel II and the economic capital model. Regulatory and economic management measures are largely harmonized through the new risk-taking capability approach.

We expect the economic conditions to significantly strengthen the procyclical effect of Basel II in 2009 and 2010. This means that the initial savings arising from the Basel II changeover should be fully absorbed, and we do not rule out the possibility of the progressive approach coming under further pressure, even compared to less sophisticated ones. Overall, we consider that an RWA rise of 10 – 20 % would be realistic for the new Commerzbank. In view of this, we are in close exchange with regulators at national and international level to avoid economic trends being intensified as a result of regulation.

Further developments in the management of default risks

Another important pre-requisite for creating a consistent risk management process as quickly as possible in the new Commerzbank is to harmonize our rating platform in such a way that there is just one procedure throughout the Group for every asset class. To do this, all selection decisions have already been taken and the basic procedure agreed with BaFin. The projected plans, including recalibration on common data histories, should be implemented by the end of 2009. Full IT implementation is scheduled to be completed by the end of 2010.

In view of the current crisis, a number of procedures have been fundamentally revised as part of this consolidation (e.g. bank ratings). The focus is also on the closer integration of early warning indicators and market data into rating systems. In particular, this means ensuring that future estimates given by our experts (based on the credit analysis of individual cases) are incorporated into the rating result with a sufficient weighting, in addition to available quantitative information (e.g. annual financial statements, account management etc.).

Commerzbank's master scale will be used in Dresdner Bank from 2009, even before the merger. The harmonization of rating nomenclature is a key condition for the integration and establishment of a consistent policy framework.

We will also retain the previous methodical basis of the EL limit at Group and segmental level in 2009. However, extreme market trends and much greater equity capital expectations from external market participants, investors and rating agencies will also be included when the Board of Managing Directors determines the final EL. With a view to the transfer of Dresdner Bank's portfolios into the new Commerzbank, we have decided to wait until the database is standardized before determining the firmly defined EL limit, as we will then have a uniform controlling platform.

Bulk risk limitation and monitoring will be even more important for the new Commerzbank following the integration of Dresdner Bank. We have fundamentally revised the bulk definition for 2009 and adjusted it to the new balance sheet ratios because of the introduction of the new portfolio model, the newly defined risk-taking capability concept and the new Commerzbank portfolio composition. We have also defined upper limits which clearly govern the maximum amounts not to be exceeded for lending limits, uncovered risk and CVaR for individual commitments.

Banks

The impact of the financial market crisis and the worldwide downturn in financial institutions' income and capital position intensified in the fourth quarter of 2008 and will have a significant negative effect on their financial situation in 2009. However, the bank rescue packages and firm commitment shown by the governments and central banks of the industrialized nations to support the financial system have helped ease the situation in the developed markets. We therefore do not expect any further defaults by large market players important to the stability of the system, but further defaults and restructuring are likely with smaller financial institutions. Aside from the direct financial impact of the crisis, the questions surrounding business models that have been in place for a long time encourage us to continue steadily with our policy of reducing risk in accordance with risk/return principles.

Banks in emerging markets, especially local ones, are most at risk of default. Particular pressure is expected to come here in 2009 from a high need to refinance external funding, the recession spilling over into the emerging markets and the impact of currency depreciation in various

countries. While countries rich in commodities such as Russia were able to accumulate foreign currency reserves in the boom period and are willing to use these funds to prop up their banking systems, we believe that the situation is critical for banks in countries that do not have this option and are burdened by high budget and current account deficits. This is confirmed by the current crisis in Ukraine. However, prolonged low commodity prices will also increase default risk in countries that previously had good crisis management, so that we also see greater risk potential there during the year.

For the past few months we have already proactively been reducing our risks in selected emerging markets, and we will continue with this strategy. Generally speaking, our business in emerging markets focuses on low-risk commercial bank-to-bank transactions to promote the import/export activities of our corporate customers.

Non-bank financial institutions

Our insurance portfolio, which was small owing to our strict portfolio selection, has grown considerably through the addition of Dresdner Bank and favours developed markets. We assume that insurance companies are also likely to benefit from the positive effects of the support given to financial markets in the industrialized countries. But smaller insurance companies and niche providers could be quickly deprived of their business foundations if there is a serious dip in profits. We are in particular keeping a critical eye on the effects of the financial crisis on insurance companies' investment portfolios.

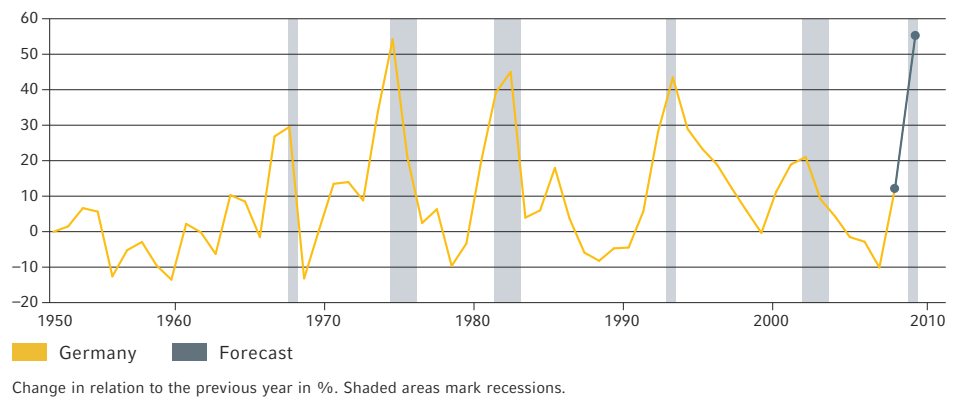
The hedge fund industry will also remain under pressure in 2009. Negative factors such as weak performance, limited access to liquidity and high investor redemptions will force the liquidation of more funds during the year. This will not just be limited to small funds; after the Madoff scandal, the overall sector's image has been tarnished even more. There has been no shock to the system yet from these negative developments, as was feared, but this could definitely still occur, as the liquidation of collateral and positions could create a downward spiral with a momentum of its own. Our hedge fund portfolio, including

Dresdner Bank, is straightforward, generally well secured, widely diversified and based on funds of funds, so we do not expect any exceptional charges in this area.

Corporates

As various analyses have recently shown, the trend in corporate insolvencies has reversed, in that they went up again for the first time in 2008. As the effects of the financial crisis on the real economy are expected to intensify in 2009, the supply of capital for corporates will become more difficult, and

Insolvencies



as a result the number of insolvencies will rise. Based on past experience, our economists are predicting a rise of around 50%. Taking credit spread trends of the sub-investment grade as a starting point, the default rate in the next two years in this sector could even reach double-digit figures.

ABS/Conduits/LAF

The new Commerzbank's ABS and LAF portfolio represents the greatest challenge for limiting charges against earnings. For this reason, responsibility for this portfolio in the Corporates & Markets segment was bundled together with other portfolio sections from Public Finance into a Divisional Restructuring Unit (DRU). We will keep a close eye on these toxic portfolios.

Market risk

As part of the integration, Commerzbank will be changing over its market risk analysis by the end of 2009 to Dresdner Bank's internal model, also approved by BaFin, known as the delta gamma model.

The Basel II requirements on the incremental risk charge which come into force from 2011 will also be implemented at the same time. We are continuing to

model the default and migration risk (credit quality deterioration) of trading positions based on the project launched by Commerzbank in 2008. This involves incorporating the newly defined regulatory requirements (such as eliminating rules for securitizations, and changes in equity prices) which will be implemented in a solution for the new Commerzbank as part of the integration process.

From the market perspective, credit spreads for Commerzbank's positions are still expected to be the main negative factor in 2009, for which developments in Southern and Eastern Europe in particular will be crucial. While in Southern Europe sharply rising government borrowing will place a sustained burden on budgets as a result of government bail-out and stimulus packages and drive up re-financing costs, and therefore the yield premiums for countries such as Italy, Spain, Greece and Portugal, the problems in Eastern Europe are low energy prices, weaker demand from Western Europe and partially home-grown economic or political difficulties. Furthermore, Dresdner Bank's ABS portfolio which has since been consolidated in a special restructuring area, will create additional charges when it is reduced.

Operational risks

We expect charges, including legal risks, to stay high in 2009. Firstly, we anticipate an increasingly difficult environment due to the current financial market crisis and economic recession which, judging by experience, can lead to a rise in actions against the Bank and to a greater likelihood of fraudulent activity. Equally, charges will rise, albeit temporarily, through the acquisition of Dresdner Bank, until both banks' business processes and IT systems have been fully consolidated.

We began harmonizing the Dresdner Bank and Commerzbank advanced measurement and management approach to operational risk at the end of the reporting year. We will continue to use the principles of Commerzbank's existing model and take account of findings from Dresdner Bank's scenario approach. We assume that the transfer to a standardized methodological management concept will be completed during 2009.

IIF Principles of Conduct and Best Practice Recommendations

We take very seriously our share of the responsibility for ensuring that the financial market works well. As such, we welcome the fact that under pressure from the financial market crisis, the Institute of International Finance (IIF) drew up a package of Principles of Conduct in July 2008, which

represent a general and binding code of conduct for IIF members, including Commerzbank and Eurohypo, in six areas (risk management, compensation, liquidity, valuation, securitization, disclosure). This code is formalized through Best Practice Recommendations which members are urgently advised to implement, taking account of their structure and business model. The aim of these measures is to avoid in the future the errors that have led to the current financial market crisis.

Together with our auditors, we carried out a gap analysis and checked internal regulations to see which areas of Commerzbank Group require action to comply with the IIF code of conduct and recommendations. In doing so, we also incorporated the requirements of the Counterparty Risk Management Policy Group (the Corrigan report).

The result of the gap analysis showed that the Commerzbank Group already meets most of the requirements. Those which it does not have been consolidated into areas for action and measures drafted to ensure compliance. These are expected to be implemented by the end of 2009.

Future financial market regulation

The international regulation initiatives that began in the wake of the financial market crisis will be continued in 2009. In this regard, the collapse of Lehman Brothers has created a stronger dynamic.

The Basel Committee for Banking Supervision is currently improving identified weaknesses in the Basel framework. Apart from aspects of all three pillars, this includes a stronger capital adequacy requirement for resecuritizations, liquidity lines to conduits, and risks in the trading book compared to the banking book (incremental risk charge). There will be additional burdens on banks, particularly in terms of regulatory market risk measurement.

The Capital Requirements Directive is also being revised at the same time at European level. The changes include in particular securitization, large exposure, transparency and core capital regulations and the Consolidating Supervisor (cooperation between European supervisors).

The 2008 recommendations of the Financial Stability Forum are also of major importance. Germany has undertaken to implement them nationally. The first step involves the amendments to the Minimum Requirements for Risk Management (MaRisk) published for consultation in February 2009. These relate to areas such as stress tests, concentration risks, risk management at Group level, trading transactions, valuation of illiquid positions, liquidity risk management, appropriate involvement of the supervisory body and remuneration systems.

Commerzbank welcomes all regulatory measures that help increase the stability of the financial system, and sees these as complementing its own efforts as described here for effective risk management.

Charges against earnings

For 2009 it is important to note that economic developments and therefore the outlook should be seen as very critical for credit risk provisions in Central and Eastern Europe and in Commercial Real Estate (including the shipping portfolio) and more critical than previously in the Mittelstandsbank. Nonetheless, we expect risk provisions to be slightly below 2008 levels, despite large structural shifts at the new Commerzbank, as we no longer anticipate large financial institutions incurring comparable charges. That said, downside scenarios in the insecure and extremely volatile environment are highly likely to occur; we should not exclude the possibility therefore of risk provisions rising considerably for the new Commerzbank, particularly if significant bulk or event risks occur.

We need to harmonize the methods of determining risk provisions following the integration of Dresdner Bank. For example, uniform LIP factors throughout the Group are being introduced to determine the general loan loss provision, which could result in increases because of the changeover.

In terms of impairment charges arising from available-for-sale holdings and defaults in the trading book, we currently assume that we reached the peak for the new Commerzbank in 2008. We are expecting a large reduction for this area in 2009 under our realistic-case scenario.

In the revaluation reserve, charges against the new Commerzbank's capital base should be well below the €4.6bn total for 2008.

Net risk provisions

For net risk provisions, there will be significant portfolio shifts in addition to a moderate fall. We expect a rise in the Private and Business Customers segment, largely due to adjustments in method and a significant decline in amounts received on claims written off at Dresdner Bank. As the financial market crisis also reached the real economy, we expect a large rise in insolvencies and restructurings in 2009, and therefore in net risk provisions in the Mittelstandsbank. In Central and Eastern Europe, we expect a significant year-on-year rise in net risk provisions, with Russia, Ukraine and Poland being affected in equal measure. After the exceptionally high charges in the Corporates & Markets segment in 2008, we see risk provisions more than halving

in 2009, although they should still be high in the LAF portfolio at Dresdner Bank. For Financial Institutions however, we expect a significant improvement, as state intervention in this area has provided stability. In the CRE & Shipping estimate, we expect more defaults and bulk risks; additionally, the negative effect on earnings from shipping financing and the first-time full consolidation of Schiffsbank needs to be taken into account.

Lessons learned from the financial market crisis

We have learned all kinds of lessons from the financial crisis, beginning with sub-prime, and the impact on value seen so far has highlighted the need for a rethink in many areas. We have therefore concentrated on analyzing the core problems of the crisis as a matter of urgency. As part of integration preparations, we have incorporated our findings into the Bank's revised procedures (risk strategies, credit authority regulations, policies etc.) and into the new Commerzbank's organizational structure (establishing our own Group risk research, making segment CROs responsible for all quantifiable risks, strengthening the market risk function within C&M, etc.).

With the amalgamation of the Dresdner Bank and Commerzbank lending portfolios, the new Commerzbank's bulk risks will also rise both at individual level (borrower units) and portfolio level (portfolios with high default correlations). Apart from the value impact of structured secondary market products, individual bulk risks are the main source for unexpected loss and for the failure of planned risk results. Apart from correlation-oriented portfolio supervision, bulk risk management also aims to supervise individual commitments where there is deemed to be a particularly high individual risk.

For the new Commerzbank, bulk risk management, which was previously based on CVaR, has been revised and expanded by the management parameters LaD and EaD. At the same time, the entry and upper limits of individual bulk risks have been revised, with a clear orientation towards the new Commerzbank's risk-taking capability.

Profit and loss account of Commerzbank Aktiengesellschaft for the period from January 1 to December 31, 2008

in € m		2008	2007
Interest income from			
a) lending and money-market transactions	11,246		10,443
b) fixed-income securities and government-inscribed debt	1,652		1,467
		12,898	11,910
Interest paid		-10,346	-9,718
		2,552	2,192
Current income from			
a) shares and other variable-yield securities	595		594
b) investments (subsidiaries, associated companies, and trade investments)	37		31
c) holdings in affiliated companies	27		30
		659	655
Income from profit-pooling and from partial or full profit-transfer agreements			
		153	935
Commissions received	2,150		2,175
Commissions paid	-394		-265
		1,756	1,910
Net expenses from financial transactions			
		-344	212
Other operating income			
		242	320
General operating expenses			
a) personnel expenses			
aa) wages and salaries	-1,501		-1,849
ab) compulsory social-security contributions, expenses for pensions and other employee benefits of which: for pensions	-431		-422
	-205		(-186)
		-1,932	-2,271
b) other administrative expenses		-1,471	-1,335
		-3,403	-3,606
Depreciation on and value adjustments to intangible assets and fixed assets			
		-126	-167
Other operating expenses			
		-237	-252
Income from write-ups on claims and certain securities and from the release of provisions in lending business			
		1,031	-1,720
Write-downs and value adjustments on investments, holdings in affiliated companies and securities treated as non-current assets			
		-1,074	359
Expenses from the transfer of losses			
		-2,380	-12
Result from ordinary activities			
		-1,171	826
Taxes on income	-34		-165
Other taxes	1		-4
		-33	-169
Net loss for the year			
		-1,204	657
Withdrawals from revenue reserves			
b) from reserve for the Bank's own shares	-1		-36
d) from other revenue reserves	-1,204		-
		-1,205	-36
Allocation to revenue reserves			
b) to reserve for the Bank's own shares	-		-
d) to other revenue reserves	1		36
		1	36
Distributable profit			
		-	657

Balance sheet of Commerzbank Aktiengesellschaft as of December 31, 2008

Assets in € m		31.12.2008	31.12.2007
Cash reserve			
a) cash on hand	821		861
b) balances with central banks	4,226		2,616
including: with Deutsche Bundesbank	3,909		(2,544)
		5,047	3,477
Debt issued by public-sector borrowers, and bills of exchange rediscountable at central banks			
treasury bills and discountable treasury notes, as well as similar debt issues by public-sector borrowers	281		72
including: rediscountable at Deutsche Bundesbank	0		(-)
		281	72
Claims on banks			
a) payable on demand	11,400		18,880
b) other claims	109,964		80,646
		121,364	99,526
Claims on customers			
including: secured by mortgages on real estate	16,052		(18,171)
communal loans	5,745		(5,886)
		128,905	118,784
Bonds and other fixed-income securities			
a) money-market instruments			
aa) issued by public-sector borrowers	24	24	8
including: rediscountable at Deutsche Bundesbank	24		(3)
ab) issued by other borrowers	7,426	7,450	1,274
including: rediscountable at Deutsche Bundesbank	5,016		(1)
			1,282
b) bonds and notes			
ba) issued by public-sector borrowers	4,942		7,666
including: rediscountable at Deutsche Bundesbank	4,735		(5,016)
bb) issued by other borrowers	45,896	50,838	28,376
including: rediscountable at Deutsche Bundesbank	31,478		(13,912)
			36,042
c) bonds and notes issued by Commerzbank		27,119	21,611
nominal amount €27,215m			
		85,407	58,935
Shares and other variable-yield securities		5,750	11,212
Investments (subsidiaries, associated companies and trade investments)		538	760
including: investment in banks	54		(43)
investment in financial-service institutions	3		(0)
Holdings in affiliated companies		12,832	13,131
including: in banks	226		(790)
in financial-service institutions	66		(0)
Assets held on a trust basis		63	79
including: loans at third-party risk	10		(25)
Intangible assets		41	44
Fixed assets		374	434
Bank's holding of its own shares	accounting par value: €0m	0	1
Other assets		21,166	14,521
Deferred items			
a) difference arising from consolidation pursuant to Art. 250, (3) of the German Commercial Code – HGB	133		105
b) other deferred items	4,532		3,460
		4,665	3,565
Total Assets		386,433	324,541

Liabilities and Shareholders' Equity in € m		31.12.2008	31.12.2007
Liabilities to banks			
a) payable on demand	30,428		30,962
b) with agreed periods or periods of notice	105,125		79,907
		135,553	110,869
Liabilities to customers			
a) savings deposits			
aa) with agreed period of notice of three months	7,613		8,939
ab) with agreed period of notice of more than three months	346		418
	7,959		9,357
b) other liabilities			
ba) payable on demand	44,584		44,049
bb) with agreed periods or periods of notice	87,363		60,388
	131,947		104,437
		139,906	113,794
Securitized liabilities			
a) bonds and notes issued	44,096		47,036
b) other securitized liabilities	14,601		9,952
		58,697	56,988
including:			
ba) money-market instruments	14,576		(9,941)
bb) own acceptances and promissory notes outstanding	24		(10)
		63	79
Liabilities on a trust basis			
including: loans at third-party risk	10		(25)
		15,544	14,892
Other liabilities			
Deferred items			
a) difference arising from consolidation pursuant to Art. 340e, (2), 2 of the German Commercial Code – HGB	224		52
b) other deferred items	3,922		2,921
		4,146	2,973
Provisions			
a) provisions for pensions and similar commitments	1,479		1,421
b) provisions for taxation	362		442
c) other provisions	1,669		1,858
		3,510	3,721
Subordinated liabilities			
Profit-sharing certificates outstanding			
including: maturing in less than two years	539		(256)
		705	705
Capital and reserves			
a) subscribed capital			
aa) share capital	1,879		1,709
(conditional capital €832m)			
ab) silent participations	8,200		
	10,079		
b) capital reserve	6,867		5,926
c) revenue reserves			
ca) legal reserve	3		3
cb) reserve for the Bank's own shares	0		1
cc) other revenue reserves	954		2,157
	957		2,161
d) distributable profit	-		657
		17,903	10,453
Liabilities and Shareholders' Equity		386,433	324,541
1. Contingent liabilities			
a) contingent liabilities from rediscounted bills of exchange credited to borrowers	2		1
b) liabilities from guarantees and indemnity agreements (see also Note 29)	29,589		25,616
		29,591	25,617
2. Other commitments			
c) irrevocable lending commitments	47,783		35,474
		47,783	35,474

Notes

General information

(1) Accounting principles

The annual financial statements of Commerzbank Aktiengesellschaft as of December 31, 2008, were prepared in accordance with the provisions of the German Commercial Code (*Handelsgesetzbuch* – HGB) in combination with the regulation on the accounting of banks (RechKredV) and with due regard to the provisions of the German Stock Corporation Act (*Aktiengesetz* – AktG).

The annual financial statements consist of the profit and loss account, the balance sheet and the notes. In addition, a management report has been included pursuant to Art. 289, HGB, which appears on pages 4 to 50.

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

(2) Accounting and measurement policies

The cash reserve appears in nominal figures.

Debt issued by public-sector borrowers are shown in discounted form.

Claims on banks and claims on customers always appear at their nominal values, with the loan loss provisions that have been formed deducted. Differences between the acquisition cost and the nominal amount which have interest character are assigned to deferred items and recognized successively over their entire lifetime in interest income.

Bonds and other fixed-income securities, equities and other variable-yield securities, delivery commitments arising from the short-selling of securities in the trading portfolio and claims on banks and customers that form part of the trading portfolio are valued using a portfolio approach. Securities of the liquidity reserve appear – according to the rules for current assets, with the strict lower-of-cost-or-market principle applied – at the lower of acquisition cost or ascribed value. Securities held as fixed assets are treated in accordance with the diluted lower value principle.

Investments and holdings in affiliated companies are carried at amortized cost, in accordance with the rules for fixed assets. Where a permanent impairment of value seemed likely, we have made the relevant non-scheduled

depreciation. Insofar as the reasons for the write-downs no longer apply we undertake a write-up to no more than the purchase cost amount.

We show expenses and income (write-ups) in net form – insofar as these stem from the portfolio held for trading purposes, they appear under Net expenses from financial transactions, while those from the liquidity portfolio are shown under Write-downs of and value adjustments to claims and certain securities, and additions to provisions for possible loan losses.

Securities-lending transactions are shown according to the principles of Art. 340b, (2), HGB, for genuine repurchase agreements. Lent securities remain in our balance sheet, whereas borrowed securities do not appear there.

Tangible fixed assets are carried at their cost of acquisition or production and, insofar as they are subject to wear and tear, they are regularly depreciated. For the underlying economic usefulness and depreciation rates, we consult the tables published by the fiscal authorities. Non-scheduled depreciation and write-offs are effected in the case of permanent impairments in value. Low-value assets are recognized according to the relevant local simplified taxation rules.

We had made no use of the option to form a deferred tax item pursuant to Art. 274, (2), HGB, as of December 31, 2008.

Liabilities are shown in the balance sheet at the respective amounts to be repaid. The difference between the amount to be repaid and the amount paid out is recognized as a deferred item and appears on a pro-rata basis in the profit and loss account. We recognize long-dated discounted liabilities (zero-coupon bonds) at their present value.

Provisions for pensions are formed according to actuarial principles, applying a calculatory interest rate of 6 % in a current value permissible for tax purposes and on the basis of the Heubeck guideline tables 2006 G. For measuring our obligations under early retirement and part-time schemes for older staff, we have recourse to methods permissible under tax rules. Provisions for taxes and other provisions are formed in accordance with reasonable commercial judgement. Provisions for contingent losses from pending transactions have been formed in the commercial balance sheet.

Risks in the lending business are reflected by creating specific loan-loss provisions (SLLPs), portfolio loan-loss provisions (PortLLPs) and general loan-loss provisions (GLLPs) for reported claims and off-balance-sheet transactions. We adopt a cautious provisioning approach, applying strict criteria. In addition, we have formed reserves pursuant to Art. 340f, HGB, and Art. 340g, HGB, to cover the special risks arising from banks' business activity.

Derivative financial instruments are used both to hedge balance-sheet items and for trading purposes. On the balance-sheet date, the derivative financial instruments are remeasured individually. However, to a reasonable extent, the results of remeasurement are netted against those for other transactions within the same valuation unit. If net expenses arise, a provision for contingent losses from pending transactions is formed; a revenue surplus is reported under Other assets.

The valuation of the trading portfolios is based on the risk-adjusted mark-to-market approach, taking into account a market price risk discount. The market risk to be deducted is calculated on the basis of a value-at-risk approach and is gauged such that an expected maximum loss arising from these trading books will not be exceeded with a high degree of probability within a defined period of time.

In the profit and loss account, we make use in the financial statements as of December 31, 2008, of the setting-off options pursuant to Art. 340c, (2), HGB and Art. 340f, (3), HGB.

We have made adjustments in the order of presentation of the components in the year-end accounts in accordance with international usage and show the profit and loss account before the balance sheet.

(3) Currency translation

Foreign currencies are translated into the reporting currency in accordance with the provisions of Art. 340h, HGB. We translate items in the balance sheet and the profit and loss account which are denominated in foreign currencies, as well as pending spot foreign-exchange transactions, at the middle spot rate on the balance-sheet date; forward foreign-exchange transactions are translated at the forward rate. Assets treated as fixed assets – investments and holdings in affiliated companies – which are not specially covered by either liabilities or forward transactions in the same currency are translated at the rate of the date of purchase. The financial statements of our branches abroad

Currency translation rates (in units for €1)

BRL	3.24360	PLN	4.15350
CHF	1.48500	RUB	41.28300
CZK	26.87500	SGD	2.0040
GBP	0.95250	TWD	45.82000
HKD	10.78580	UAH	10.69200
HUF	266.70000	USD	1.39170
JPY	126.14000		

which are denominated in foreign currencies are translated into the reporting currency at the middle spot rate on the balance-sheet date. Pursuant to Art. 340h, (2), HGB, losses and gains from currency translation are reflected in the profit and loss account.

(4) Change in accounting policies

Since financial year 2008 our parent company financial statements which are prepared according to the German Commercial Code (HGB) have accounted for risks in the lending business using International Financial Reporting Standards (IFRS).

These are calculated based on claims recognized on the balance sheet; for off-balance-sheet transactions, specific loan-loss provisions (SLLPs) or general loan-loss provisions (GLLPs) are derived from internal parameters and models. A distinction is also made between those commitments which are significant and those which are not significant. These calculations also include country provisions. The size of the risk provisions for each individual default risk is based on the difference between the carrying value of the claim and the net present value of expected future cash inflows from the claim calculated using discounted cashflow methodology. Portfolio provisions are based on models.

This change in methodology had no material impact on the balance sheet or income statement.

Notes to the profit and loss account

(5) Revenues, by geographical market

in € m	2008	2007
Europe including Germany	14,168	14,028
America	1,069	928
Asia	296	240
Africa	72	76
Total	15,605	15,272

The aggregate amount covers the following items of the profit and loss account: interest income, current income from shares and other variable-yield securities, investments, holdings in

affiliated companies, commissions received, net expenses from financial transactions and other operating income.

(6) Auditors' fees

The auditors' fees (excluding turnover tax) recognized as expenses in the 2008 financial year, break down as follows:

in € 1,000	2008	2007
Audit of financial statements	6,189	5,021
Provision of other certificates or assessments	5,540	2,492
Tax consulting services	79	–
Other services	1,642	237
Total	13,450	7,750

The increase in auditors' fees is largely the result of services related to the acquisition of Dresdner Bank.

(7) Other operating income

Other operating income of €242m (previous year: €320m) mainly includes revenues from the reversal of provisions not related to lending and rental income.

(8) Other operating expenses

Other operating expenses largely comprise €237m (previous year: €252m) of additions to provisions for litigation and recourse, rental and leasing payments for properties leased to third

parties and non-recurring expenses related to the purchase of Dresdner Bank.

(9) Administrative and agency services

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

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

Notes to the balance sheet

(10) Remaining lifetimes of claims and liabilities

in € m	31.12.2008	31.12.2007
Other claims on banks	109,964	80,646
with a remaining lifetime of		
less than three months	72,704	53,429
more than three months, but less than one year	13,178	13,568
more than one year, but less than five years	21,340	12,085
more than five years	2,742	1,564
Claims on customers	128,905	118,784
with indeterminate lifetime	11,088	10,596
with a remaining lifetime of		
less than three months	37,645	37,048
more than three months, but less than one year	12,224	10,332
more than one year, but less than five years	31,005	26,779
more than five years	36,943	34,029

Of the bonds, notes and other fixed-income securities in an amount of €85,407m (previous year: €58,935m), €27,037m will mature during the 2009 financial year.

in € m	31.12.2008	31.12.2007
Liabilities to banks		
with agreed lifetime or period of notice	105,125	79,907
with a remaining lifetime of		
less than three months	73,148	56,732
more than three months, but less than one year	11,971	5,107
more than one year, but less than five years	7,967	6,680
more than five years	12,039	11,388
Savings deposits		
with agreed period of notice of more than three months	346	418
with a remaining lifetime of		
less than three months	45	40
more than three months, but less than one year	80	108
more than one year, but less than five years	190	224
more than five years	31	46
Other liabilities to customers		
with agreed lifetime or period of notice	87,363	60,388
with a remaining lifetime of		
less than three months	54,157	49,923
more than three months, but less than one year	14,267	6,068
more than one year, but less than five years	1,421	1,582
more than five years	17,518	2,815
Other securitized liabilities	14,601	9,952
with a remaining lifetime of		
less than three months	9,928	6,843
more than three months, but less than one year	4,672	3,108
more than one year, but less than five years	1	1

Of the €44,096m of bonds and notes issued (previous year: €47,036m), €13,184m will fall due in the 2009 financial year.

(11) Securities

in € m	Marketable		Listed on a stock exchange		Not listed	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Bonds, notes and other fixed-income securities	82,654	58,132	56,903	47,196	25,751	10,936
Shares and other variable-yield securities	2,526	8,513	2,505	8,060	21	453
Investments	453	671	307	478	146	193
Holdings in affiliated companies	1,933	3,442	–	–	1,933	3,442

Bonds, notes and other fixed-income securities include a total of €4,666m held as a financial investment as of December 31, 2008.

The modified lower-of-cost-or-market principle was used for these securities in 2008 in accordance with Art. 253, (2), HGB and write-downs of €315m were not recognized as there is no intention to sell them. These portfolios were particularly affected by the price volatility seen on the markets.

Under shares and other variable-yield securities, different investment fund shares of altogether €1,551m (previous year: €1,545m) are shown as a financial investment; these may be used solely to meet obligations arising from old-age pensions and part-time work schemes for older staff.

(12) Relations with affiliated companies and equity investments

in € m	Affiliated companies		Investments	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Claims on banks	74,656	45,131	625	24
Claims on customers	6,608	6,801	58	11
Bonds, notes and other fixed-income securities	6,161	3,821	14	56
Liabilities to banks	16,797	12,098	256	26
Liabilities to customers	5,540	4,961	53	34
Subordinated liabilities	2,140	2,391	–	–
Securitized liabilities	761	535	–	–

(13) Trust business

in € m	31.12.2008	31.12.2007
Claims on customers	10	25
Commerzbank Foundation	53	54
of which: Cash at bank – current accounts	3	45
Time deposits	2	7
Securities	48	2
Assets on a trust basis at third-party risk	63	79
of which: Fiduciary loans	10	25
Liabilities to banks	7	21
Liabilities to customers	3	4
Commerzbank Foundation	53	54
of which: Equity	51	53
Other liabilities	2	1
Liabilities on a trust basis at third-party risk	63	79
of which: Fiduciary loans	10	25

(14) Changes in book value of fixed assets

in € m	Intangible assets	Fixed assets	Securities held as financial investments	Investments*	Holdings in affiliated companies*
Cost of acquisition/production as of 1.1.2008	311	2,642	1,545		
Changes in exchange rates	-4	-26	-		
Additions in 2008	23	66	6		
Disposals in 2008	129	219	0		
Transfers	604	-604	4,666		
Cost of acquisition/production as of 31.12.2008	805	1,859	6,217		
Cumulative write-downs	764	1,485	-		
Additions in 2008	-	-	-		
Residual book values as of 31.12.2008	41	374	6,217	538	12,832
Residual book values as of 31.12.2007	44	434	1,545	760	13,131
Write-downs in 2008	29	97	-		

*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 €61m (previous year: €59m), the Bank uses premises of €52m (previous year: €50m) for its own purposes.

Office furniture and equipment of €313m (previous year: €375m) is included in fixed assets. With reference to securities shown as financial investment we refer to our comments under note number 11.

(15) Other assets

Other assets of €21,166m (previous year: €14,521m) mainly comprise premiums paid for option contracts and interest-rate caps amounting to €9,977m (previous year: €10,152m) and collateral

paid amounting to €2,131m (previous year: €695m) and €2,333m (previous year: €223m) of positive valuation differences in trading portfolios measured at mark-to-market.

(16) Subordinated assets

in € m	31.12.2008	31.12.2007
Claims on banks	121,364	99,526
of which: subordinated	1,147	934
Claims on customers	128,905	118,784
of which: subordinated	317	247
Bonds and notes		
a) of other issuers	45,896	28,376
of which: subordinated	647	513
b) own bonds	27,119	21,611
of which: subordinated	63	68
Shares and other variable-yield securities	5,750	11,212
of which: subordinated	9	56
Subordinated assets total	2,183	1,818

(17) Repurchase agreements

The book value of the securities pledged under repurchase agreements, which appear in the balance sheet, is €18,752m (previous year: €15,329m). In addition we have sold assets worth €21,750m

(previous year: €8,063m) under repurchase agreements as part of open-market transactions.

(18) The Bank's foreign-currency position

On the balance-sheet date, the aggregate amount of foreign-currency assets was €82,366m (previous year: €66,237m).

Foreign-currency liabilities amounted to €66,922m (previous year: €60,268m) on the balance-sheet date.

(19) Security pledged for own liabilities

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

in € m	31.12.2008	31.12.2007
Liabilities to banks	52,237	33,314
Liabilities to customers	22,675	4,589
Total	74,912	37,903

Security was furnished in connection with genuine securities repurchase agreements to raise funds, for funds borrowed for fixed specific purposes and in connection with open-market transactions.

The open-market volumes include €12,437m of retail property loans of Commerzbank Aktiengesellschaft which were securitized via a special-purpose entity (TS Lago One GmbH) and subsequently acquired by Commerzbank Aktiengesellschaft.

(20) Other liabilities

Other liabilities of €15,544m (previous year: €14,892m) mainly include premiums for option contracts and interest-rate caps

amounting to €11,019m (previous year: €11,860m) and liabilities from the assumption of losses.

(21) Provisions

Other provisions were mainly created for other administrative expenses, risks in the lending business, issues relating to personnel and litigation and recourse risks.

Other provisions include restructuring provisions of €116m (previous year: €182m).

(22) Subordinated liabilities

In the event of insolvency or winding-up, the subordinated liabilities of €9,472m (previous year: €9,133m) may only be repaid after the claims of all non-subordinate creditors have been met. Until such time, no repayment obligation or claims to interest payments exist.

The obligations arising from the bonds and notes are subordinated obligations of the issuer, which will be met on an equal basis with all the issuer's other subordinated liabilities. In the financial year, interest paid on subordinated liabilities amounted to €510m (previous year: €476m).

As of December 31, 2008, the following fund-raising measures exceeded 10 % of the aggregate amount for this item:

Code number	Currency	Amount in m	Interest rate	Maturity date	
WKN CB0789	EUR	1,250	4.125 %	13.09.2016	
WKN 002155	EUR	1,000	5.012 %	12.04.2036	hybrid bonds

The issuer cannot be obliged by creditors to make premature repayment. The conditions for subordinated obligations find application.

Conversion into capital or into another form of debt is not laid down in the contractual agreements.

(23) Profit-sharing certificates outstanding

Of the profit-sharing certificates shown in the balance sheet, after deduction of discounts and market support positions €380m (previous year: €658m) qualified as liable equity capital as defined in Art. 10, (5), German Banking Act (*Kreditwesengesetz – KWG*).

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

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

Under the terms of the profit-sharing certificates, the servicing of the claims for interest and capital repayment is linked to the Bank's distributable earnings rather than whether or not it pays a dividend. As in previous years, Commerzbank Aktiengesellschaft is not reporting a deficit on distributable earnings, so holders' claims will be serviced.

Profit-sharing certificates outstanding as of December 31, 2008 were unchanged from the previous year and break down as follows:

31.12.2008			
Volume in € m	Interest rate	Maturing on 31.12.	
320	6.38 %	2010	Profit-sharing certificate including: €10m registered profit-sharing certificate WKN 803205
256	7.90 %	2008	Profit-sharing certificate* including: €5m registered profit-sharing certificate WKN 816120
150	6.38 %	2009	Profit-sharing certificate including: €12m registered profit-sharing certificate WKN 816406
100	7.00 %	2009	Profit-sharing certificate WKN 816407
50	7.53 %	2014	Registered profit-sharing certificate WKN 422785
25	7.56 %	2014	Registered profit-sharing certificate WKN 422720
10	7.24 %	2009	Registered profit-sharing certificate WKN 422714
10	7.50 %	2009	Registered profit-sharing certificate WKN 423280
8	7.24 %	2009	Registered profit-sharing certificate WKN 422721
5	7.52 %	2009	Registered profit-sharing certificate WKN 423289
934			

*Repayment on July 1, 2009

(24) Equity

in €	31.12.2008	31.12.2007
Equity	17,902,640,440.77	10,452,507,187.97
a) Subscribed capital	10,078,638,205.60	1,708,638,206.60
share capital	1,878,638,205.60	1,708,638,206.60
Silent participations	8,200,000,000.00	–
b) Capital reserve	6,867,379,695.91	5,925,841,239.91
c) Revenue reserves	956,622,539.26	2,160,859,200.46
Legal reserve	3,067,751.29	3,067,751.29
Reserve for treasury shares	59,659.74	1,268,433.13
Other revenue reserves	953,495,128.23	2,156,523,016.04
d) Distributable profit	–	657,168,541.00

a) Subscribed capital

The share capital of Commerzbank Aktiengesellschaft of €1,878,638,205.60 was divided as of December 31, 2008 into 722,553,156 no-par-value shares (accounting par value per share: €2.60). The shares are issued in the form of bearer shares.

In accordance with resolutions of the Board of Managing Directors and the Supervisory Board and its Presiding Committee dated August 31, 2008 and September 8, 2008 and in partial use of the authority granted in Art. 4 (7) of the version of the Articles of Association dated May 27, 2008 the share capital of Commerzbank Aktiengesellschaft was increased by €169,999,999.00 through the issue of 65,384,615 no-par-value bearer shares with an accounting value of €2.60 each in consideration for cash payment. The capital increase was entered in the commercial register on September 9, 2008.

The investment made by the Financial Market Stabilization Fund, represented by the Financial Market Stabilization Authority as a silent partner, amounted to €8,200m and was made on December 31, 2008. This silent partnership interest was based on

the agreement dated December 19, 2008 governing the creation of a silent partnership between the Financial Market Stabilization Fund, represented by the Financial Market Stabilization Authority, and Commerzbank Aktiengesellschaft.

The pro-rata interest expense for this investment is shown under other liabilities.

Commerzbank Aktiengesellschaft has given an undertaking to the Financial Market Stabilization Fund, represented by the Financial Market Stabilization Authority, to pay no dividends in respect of the previous year in the financial years from January 1 to December 31, 2009 and from January 1 to December 31, 2010. The silent investment bears a 9% annual coupon and has a 100% weighting for Tier 1 capital purposes. Repayment will be at par. The interest rate on the silent investment rises in years when a dividend is paid. The additional interest is calculated based on the total amount of the cash dividend paid. A cash dividend of around €4.4m raises the interest rate by 0.01 percentage points.

b) Capital reserve

In the capital reserve, premiums from the issue of Commerzbank Aktiengesellschaft shares are shown. Additional cash payments from the issue of conversion and option rights entitling holders to purchase Commerzbank Aktiengesellschaft shares are also recognized here.

The increase in the capital reserve in September 2008 was the result of implementing the resolutions of the Board of Managing Directors dated August 31, 2008 and September 8, 2008. The shares were issued at a price of €17.00 each, which resulted in €941,538,456.00 being added to the capital reserve as an issue premium.

c) Revenue reserves

in €	Total	Legal reserve	Reserve for treasury shares	Other revenue reserves
As of 31.12.2007	2,160,859,200.46	3,067,751.29	1,268,433.13	2,156,523,016.04
Changes in portfolio of treasury shares	0.00	–	–1,208,773.39	1,208,773.39
Withdrawal from other revenue reserves	1,204,236,661.20	–	–	1,204,236,661.20
As of 31.12.2008	956,622,539.26	3,067,751.29	59,659.74	953,495,128.23

The withdrawal from other revenue reserves was to make good the net loss for the year.

We draw attention to the comments under Note 28 with regard to the reserve for treasury shares.

(25) Authorized capital

Year of resolution	Original authorized capital € m	Remaining authorized capital €	Expiring on	Pursuant to the Bank's Articles of Association
2004	225	225,000,000.00	April 30, 2009	Art. 4 (3)
2004	225	225,000,000.00	April 30, 2009	Art. 4 (6)
2006	170	1.00	April 30, 2011	Art. 4 (7)
2006	200	200,000,000.00	April 30, 2011	Art. 4 (8)
2006	12	12,000,000.00	April 30, 2011	Art. 4 (9)
As of 31.12.2008	832	662,000,001.00		

Conditions for capital increases out of authorized capital result from the individual terms as of December 31, 2008 as follows (see Articles of Association of Commerzbank Aktiengesellschaft, as of September 9, 2008):

Art. 4 (3): The Board of Managing Directors is authorized, with the approval of the Supervisory Board, to increase the Company's share capital by April 30, 2009, through the issue of new no-par-value shares against cash, in either one or several tranches, but by a maximum amount of €225,000,000 (authorized capital 2004/I). On principle, shareholders are to be offered subscription rights; however, the Board of Managing Directors may, with the approval of the Supervisory Board, exclude shareholders' subscription rights to the extent necessary in order to offer to 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), *Aktiengesetz*), subscription rights to the extent to which they would be entitled after they have exercised their conversion or option rights. In addition, any fractional amounts of shares may be excluded from shareholders' subscription rights.

Art. 4 (6): The Board of Managing Directors is authorized, with the approval of the Supervisory Board, to increase the Company's share capital by April 30, 2009 through the issue of new no-par-value shares against cash or contributions in kind, in either one or several tranches, but by a maximum amount of €225,000,000 (authorized capital 2004/II). On principle, shareholders are to be offered subscription rights; however, the Board of Managing Directors may, with the approval of the Supervisory Board, exclude shareholders' subscription rights to the extent necessary to offer to the holders of conversion or option rights, either already issued or still to be issued by Commerzbank Aktiengesellschaft or by companies in which Commerzbank Aktiengesellschaft directly or indirectly holds a majority interest (group companies as defined in Art. 18, (1), *Aktiengesetz*), subscription rights to the extent to which they would be entitled after they have exercised their conversion or option rights. In addition, any fractional amounts of shares may be excluded from shareholders' subscription rights. Furthermore, the Board of Managing Directors may, with the approval of the Supervisory Board, exclude shareholders' subscription rights insofar as the capital increase is made against contributions in kind for the purpose of acquiring companies or interests in companies.

Art. 4 (7): The Board of Managing Directors is authorized, with the approval of the Supervisory Board, to increase the Company's share capital by April 30, 2011, through the issue of new no-par-value shares against cash, in either one or several tranches, but by a maximum amount of €1.00 (authorized capital 2006/I). The Board of Managing Directors may, with the approval of the Supervisory Board, exclude shareholders' subscription rights if the issue price of the new shares is not substantially lower than the market price of already listed shares offering the same conditions.

During the financial year authorized capital of €169,999,999.00 was applied in partial use of the authority granted by the Annual General Meeting of Commerzbank Aktiengesellschaft held on May 17, 2006 (Art. 4 (7) of the Articles of Association of Commerzbank Aktiengesellschaft) by issuing new shares in consideration for cash payment.

Art. 4 (8): The Board of Managing Directors is authorized, with the approval of the Supervisory Board, to increase the Company's share capital by April 30, 2011 through the issue of new no-par-value shares against cash or contributions in kind, in either one or several tranches, but by a maximum amount of €200,000,000 (authorized capital 2006/II). On principle, shareholders are to be offered subscription rights; however, the Board of Managing Directors may, with the approval of the Supervisory Board, exclude

shareholders' subscription rights to the extent necessary to offer to the holders of conversion or option rights, either already issued or still to be issued by Commerzbank Aktiengesellschaft or by companies in which Commerzbank Aktiengesellschaft directly or indirectly holds a majority interest (group companies as defined in Art. 18, (1), *Aktiengesetz*), subscription rights to the extent to which they would be entitled after they have exercised their conversion or option rights. In addition, any fractional amounts of shares may be excluded from shareholders' subscription rights. Furthermore, the Board of Managing Directors may, with the approval of the Supervisory Board, exclude shareholders' subscription rights insofar as the capital increase is made against contributions in kind for the purpose of acquiring companies or interests in companies.

Art. 4 (9): The Board of Managing Directors is authorized, with the approval of the Supervisory Board, to increase the Company's share capital by April 30, 2011 through the issue of new no-par-value shares against cash, in either one or several tranches, but by a maximum amount of €12,000,000 (authorized capital 2006/III), thereby excluding shareholders' subscription rights for the purpose of issuing shares to employees of Commerzbank Aktiengesellschaft and companies in which Commerzbank Aktiengesellschaft directly or indirectly holds a majority interest (group companies as defined in Art. 18, (1), *Aktiengesetz*).

in €	31.12.2007				31.12.2008
	Remaining authorized capital	Added in financial year	Used in financial year	Expired in financial year	Remaining authorized capital
Total	832,000,000.00	–	169,999,999.00	–	662,000,001.00

(26) Conditional capital

	Conditional capital	Added in financial year	Expired in financial year	Conditional capital	used conditional capital	of which available lines
in €	31.12.2007			31.12.2008		
Total	403,000,000	832,000,000	403,000,000	832,000,000	–	832,000,000

Conditions for capital increases out of conditional capital result from the individual terms as follows (see Articles of Association of Commerzbank Aktiengesellschaft, as of September 9, 2008):

Art. 4 (4): As resolved by the Annual General Meeting of May 15, 2008, the Company's share capital shall be conditionally increased by up to €416,000,000.00 divided into 160,000,000 no-par-value bearer shares (Conditional Capital 2008/I). The conditional capital increase will only be carried out to the extent that holders/creditors of convertible bonds or convertible profit-sharing rights or warrants attached to bonds or profit-sharing certificates issued or guaranteed 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), *Aktiengesetz*) by May 14, 2013 on the basis of the authorization resolved by the Annual General Meeting on May 15, 2008 (Authorization 2008/I) make use of their conversion/option rights or meet their related conversion obligations, and the conditional capital is required under the terms and conditions of the bonds or profit-sharing rights (with conversion or option rights).

Art. 4 (5): As resolved by the Annual General Meeting of May 15, 2008, the Company's share capital shall be conditionally increased by up to €416,000,000.00 divided into 160,000,000 no-par-value bearer shares (Conditional Capital 2008/II). The conditional capital increase will only be carried out to the extent that holders/creditors of convertible bonds or convertible profit-sharing rights or warrants attached to bonds or profit-sharing certificates issued or guaranteed 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), *Aktiengesetz*) by May 14, 2013 on the basis of the authorization resolved by the Annual General Meeting on May 15, 2008 (Authorization 2008/II) make use of their conversion/option rights or meet their related conversion obligations, and the conditional capital is required under the terms and conditions of the bonds or profit-sharing rights (with conversion or option rights).

The conditional capital increase of up to €403,000,000.00 granted by authority of the Annual General Meeting held on May 30, 2003 expired on May 30, 2008.

(27) Significant shareholder voting rights

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

Company required to report	Seat	held directly	indirectly	Total	Report date
Allianz SE	Munich	–	18.786 %	18.786 %	13.01.2009
Generali Deutschland Holding AG	Hamburg	–	7.730 %	7.730 %	09.01.2009

(28) Treasury shares

	Number of shares* in units	Accounting par value in €1,000	Percentage of share capital
Portfolio on 31.12.2008	8,241	21	0.00
Largest total acquired during the financial year	6,789,285	17,652	0.94
Shares pledged by customers as collateral (pursuant to Art. 160, AktG)	6,177,602	16,062	0.85
Shares acquired during the financial year	282,181,468	733,672	–
Shares disposed of during the financial year	282,216,918	733,764	–

* accounting par value per share €2.60

The Annual General Meeting on May 15, 2008 authorized the Commerzbank Aktiengesellschaft, pursuant to Art. 71, (1), no. 7, AktG, to purchase and sell the Bank's shares for the purpose of securities trading. The authorization is valid until October 31, 2009. The aggregate amount of shares acquired for this purpose may not exceed 5 % of the share capital of Commerzbank AG at the end of any given day.

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

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

The average purchase price in the past financial year was €9.31 (previous year: €30.54), and the average selling price €9.32 (previous year: €30.51). The surplus resulting from the above mentioned transactions has been reported as revenues in the financial year.

For the Commerzbank shares held in the Bank's portfolio at year-end, a reserve of €60 thousand (previous year: €1.3m) was formed.

The Annual General Meeting of Commerzbank Aktiengesellschaft held on May 15, 2008 also authorized the Bank under Art. 71, (1), no. 8, AktG to purchase its own shares up to a limit of 10 % of its share capital for purposes other than securities trading. This authorization also expires on October 31, 2009. Together with the treasury shares purchased for other reasons, which are held by the Bank or are attributable to it pursuant to Art. 71a et seq., AktG, the shares purchased on the basis of this authorization may at no time exceed 10 % of the share capital of Commerzbank Aktiengesellschaft.

The purchase shall be effected – as decided by the Board of Managing Directors – on the stock exchange, by means of a public offer to all shareholders or by means of an invitation to all shareholders to submit an offer to sell.

The Board of Managing Directors is authorized to use the acquired shares as follows:

- aa) to sell them via the stock exchange or by means of a public offer to all shareholders;
- bb) under certain additional conditions to sell them in ways other than via the stock exchange or by means of a public tender offer to all shareholders, provided that the repurchased shares are sold at a price that is not substantially lower than the market price of the shares of Commerzbank Aktiengesellschaft offering the same conditions at the time of sale;
- cc) to sell them in ways other than via the stock exchange or by means of a public tender offer to all shareholders, where this is carried out for the purpose of acquiring companies or interests in companies;
- dd) in the event of the shares being sold via the stock exchange or by means of a public tender offer to all shareholders, by granting subscription rights to the holders or creditors of convertible bonds or bonds with warrants or profit-sharing rights – with conversion or option rights – issued by Commerzbank Aktiengesellschaft or by companies in which Commerzbank Aktiengesellschaft directly or indirectly holds a majority interest to the extent of their entitlement to shares after they have exercised their conversion or option rights;
- ee) to issue staff shares to employees of Commerzbank Aktiengesellschaft or companies in which a majority interest is held, either directly or indirectly (Group companies as defined in Art. 18, (1), AktG).
- ff) to redeem and cancel the shares without the need for a further Annual General Meeting resolution.

Shareholders' subscription rights on Commerzbank shares resold after purchase by Commerzbank Aktiengesellschaft are excluded in so far as the shares are subject to the aforementioned authorizations under lit. bb) to lit. ee).

In addition to the above, the Annual General Meeting of Commerzbank Aktiengesellschaft held on May 15, 2008 also granted authorization for the share repurchase that is to be carried out under Art. 71, (1), no. 8, AktG no later than October 31, 2009, also by means of derivatives.

As at the balance sheet date there were no own shares further to Art. 71, (1), no 8 AktG on our books.

The Bank has given an undertaking to the Financial Market Stabilization Fund, represented by the Financial Market Stabilization Authority, that neither it nor any affiliated companies will repurchase any shares or other components of the Bank's liable equity capital, except under Art. 71, (1), no. 2, 4 – own issues or Art. 7, AktG.

Other notes

(29) Contingent liabilities

in € m	31.12.2008	31.12.2007
Contingent liabilities from bills of exchange credited to borrowers	2	1
Liabilities from guarantees and indemnity agreements	29,589	25,616
of which: Credit guarantees	2,884	2,550
Other guarantees	19,491	17,400
Letters of credit	7,214	5,666
Total	29,591	25,617

(30) Other commitments

in € m	31.12.2008	31.12.2007
Irrevocable lending commitments	47,783	35,474
Book credits to customers	30,743	28,726
Book credits to banks	15,465	5,680
Credits by way of guarantee	1,398	939
Letters of credit	177	129

(31) Other financial commitments

On December 31, 2008, the existing commitments arising from rental and leasing agreements amounted to altogether €2,352m for subsequent years (previous year: €2,104m); €1,175m (previous year: €1,003m) of this relates to commitments to affiliated companies.

Payment commitments for equities, shares in private limited companies and other interests amounted to €0.4m (previous year: €0.4m) on the balance-sheet date.

Due to our participation in Liquiditäts-Konsortialbank mbH, Frankfurt am Main, we are responsible for the payment of assessments of €38m (previous year: €38m) in accordance with Art. 26, GmbHG. In addition, a guarantee obligation of €135m (previous year: €135m) exists.

Under Art. 5, (10) of the statutes of the German banks' Deposit Insurance Fund, we have undertaken to indemnify the Association of German Banks for any possible losses incurred through measures to support banks in which we hold a majority interest. Please refer to our comments in the risk report regarding the current large claim against the Deposit Insurance Fund.

(32) Letter of comfort

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

Name	Registered office
AFÖG GmbH & Co. KG	Frankfurt am Main
BRE Bank Hipoteczny SA	Warsaw
BRE Bank SA	Warsaw
BRE Leasing Sp. z o.o.	Warsaw
comdirect bank Aktiengesellschaft	Quickborn
Commerz (East Asia) Ltd.	Hong Kong
Commerzbank (Eurasija) SAO	Moscow
Commerzbank (South East Asia) Ltd.	Singapore
Commerzbank (Switzerland) Ltd	Zurich
Commerzbank Asset Management Asia Ltd.	Singapore
Commerzbank Capital Markets Corporation	New York
Commerzbank Europe (Ireland)	Dublin
Commerzbank Europe Finance (Ireland) plc.	Dublin
Commerzbank Inlandsbanken Holding GmbH	Frankfurt am Main
Commerzbank International S.A.	Luxembourg
Commerzbank Zrt.	Budapest
CommerzTrust GmbH	Frankfurt am Main
Erste Europäische Pfandbrief- und Kommunalkreditbank Aktiengesellschaft in Luxemburg	Luxembourg
Eurohypo Aktiengesellschaft	Eschborn
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH&Co., Objekt Jupiter KG	Düsseldorf
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH&Co., Objekt Luna KG	Düsseldorf
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH&Co., Objekt Neptun KG	Düsseldorf
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH&Co., Objekt Pluto KG	Düsseldorf
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH&Co., Objekt Uranus KG	Düsseldorf
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH&Co., Objekt Venus KG	Düsseldorf

(33) Forward transactions

31.12.2008 in € m	Nominal amount Remaining lifetimes			Fair value		
	under one year	one to five years	more than five years	total	positive	negative
Foreign-currency-based forward transactions						
OTC products						
Foreign-exchange forward contracts	210,257	21,930	389	232,576	7,593	6,402
Interest-rate and currency swaps	46,851	92,342	45,114	184,307	6,741	7,112
Currency call options	31,089	7,900	1,722	40,711	1,685	–
Currency put options	32,964	9,242	700	42,906	–	1,553
Other foreign-exchange contracts	1,201	211	1,702	3,114	122	103
Products traded on a stock exchange						
Currency futures	21	–	–	21	–	–
Currency options	–	–	–	–	–	–
Total	322,383	131,625	49,627	503,635	16,141	15,170
Interest-based forward transactions						
OTC products						
Forward-rate agreements	397,649	100	–	397,749	863	879
Interest-rate swaps (same currency)	1,187,734	2,038,552	2,054,128	5,280,414	126,477	127,495
Interest-rate call options	18,064	32,280	32,701	83,045	3,303	–
Interest-rate put options	14,611	31,492	39,898	86,001	–	4,129
Structured interest-rate products	1,704	5,387	2,709	9,800	653	608
Products traded on a stock exchange						
Interest-rate futures	70,427	4,176	633	75,236	–	–
Interest-rate options	1,333	36	88	1,457	–	–
Total	1,691,522	2,112,023	2,130,157	5,933,702	131,296	133,111
Other forward transactions						
OTC products						
Structured equity/index products	8,611	10,348	2,500	21,459	1,428	1,828
Equity call options	10,653	4,670	570	15,893	4,044	–
Equity put options	11,197	4,540	426	16,163	–	5,251
Credit derivatives	26,441	92,283	19,905	138,629	5,405	4,730
Precious metal contracts	159	67	–	226	35	17
Other transactions	810	692	–	1,502	468	237
Products traded on a stock exchange						
Equity futures	2,588	–	–	2,588	–	–
Equity options	37,332	22,426	1,615	61,373	–	–
Other futures	556	269	–	825	–	–
Other options	369	220	–	589	–	–
Total	98,716	135,515	25,016	259,247	11,380	12,063
Total pending forward transactions						
OTC products	1,999,995	2,352,036	2,202,464	6,554,495	158,817	160,344
Products traded on a stock exchange	112,626	27,127	2,336	142,089	–	–
Total	2,112,621	2,379,163	2,204,800	6,696,584	158,817	160,344

The fair values of derivative financial instruments are derived, among other things, from interest rates and indices, as well as equity prices and currency rates. Various mark-to-market measurement methods are used to calculate the fair values of the derivatives which we show. Both the choice of measurement method and the selected influential parameters depend upon the individual product.

The fair values of forwards and swaps are calculated by means of the net present value method, taking into account discount factors worked out from the interest-rate curve of the relevant trading currency.

Plain vanilla and digital options are priced using the Black-Scholes model. In the case of exotic options, such as those with a path-dependent payoff, pricing models based on tree-building

or the Monte Carlo methods are applied. For the volatilities used in measuring options, volatility surfaces are calculated from volatilities quoted in the market, wherever these are available. If it is not possible to calculate such volatilities, because – for example – not enough issues are quoted in the market, the historical volatility is calculated instead. Monte Carlo simulation is also used for structured transactions.

Variation margins posted and received for exchange-traded derivatives amounted to €6,984m (previous year: €4,665m) and €-8,079m (previous year: €-4,835m) respectively. These figures break down as follows: €485m/€-407m for interest-rate transactions; €6,354m/€-7,400m for equity transactions; €1m/€0m for foreign currency transactions and €144m/€-272m for transactions with other price risks.

(34) The Bank's staff

On average, we employed 23,686 people (previous year: 23,263) last year, who were deployed as follows:

		Total		Male		Female	
		FT	WF	FT	WF	FT	WF
AG in Germany	2008	19,710	21,491	10,465	10,650	9,245	10,841
	2007	19,428	21,229	10,307	10,484	9,121	10,745
AG abroad	2008	2,139	2,195	1,433	1,471	706	724
	2007	1,981	2,034	1,308	1,343	673	691
AG total	2008	21,849	23,686	11,898	12,121	9,951	11,565
	2007	21,409	23,263	11,615	11,827	9,794	11,436

The figures for full-time staff (FT) include part-time personnel with the time actually worked. The average time worked by part-time staff is 60 % (previous year: 60 %). The figures for the work-

force (WF) also cover all part-time staff. Trainees are not included in the employee figures.

		Total	Male	Female
		Trainees	2008	1,293
	2007	1,241	512	729

(35) Remuneration and loans to board members

A detailed description of the principles of the remuneration system for the members of the Board of Managing Directors and members of the Supervisory Board is provided in the remuneration report.

This forms part of the management report and appears on pages 10 to 18 of the financial statements for the year ending December 31, 2008.

The total remuneration for the members of the Board of Managing Directors and the Supervisory Board is as follows:

in € 1,000	31.12.2008	31.12.2007
Board of Managing Directors	12,207	17,612
Supervisory Board	1,962	3,031

The total remuneration for the Board of Managing Directors includes amongst others remuneration in kind granted within the standard scope (essentially remuneration in kind from vehicle use and insurance taxes and social security contributions).

The following table shows the remuneration in the form of basic salary, variable remuneration, remuneration for serving on

the boards of consolidated companies included in the consolidated financial statements of Commerzbank AG, pay-outs from long-term performance plans (LTPs) and other remuneration of the individual members of the Board of Managing Directors. For the financial year 2008 no variable remuneration was granted.

Amounts in € 1,000		Basic salary ²	Variable remuneration ³	Remuneration for serving on boards	Payouts of share-based remuneration plans ⁴	Other ⁵	Total
Klaus-Peter Müller	2008 ¹	317	–	119	200	35	671
	2007	760	1,709	167	500	84	3,220
Martin Blessing	2008	500	–	43	100	86	729
	2007	480	1,155	79	250	82	2,046
Frank Annuscheit	2008	480	–	23	40	51	594
	2007 ¹	–	–	–	–	–	–
Markus Beumer	2008	480	–	18	–	365	863
	2007 ¹	–	–	–	–	–	–
Wolfgang Hartmann	2008	480	–	77	100	112	769
	2007	480	794	80	250	111	1,715
Dr. Achim Kassow	2008	480	–	246	100	277	1,103
	2007	480	862	270	–	45	1,657
Bernd Knobloch	2008 ¹	360	–	20	615	4,137	5,132
	2007	480	864	10	–	72	1,426
Klaus M. Patig	2008	–	–	–	–	–	–
	2007 ⁶	40	–	–	–	2,307	2,347
Michael Reuther	2008	480	–	78	–	71	629
	2007	480	1,072	8	–	71	1,631
Dr. Stefan Schmittmann	2008 ¹	80	–	8	–	7	95
	2007	–	–	–	–	–	–
Dr. Eric Strutz	2008	480	–	95	100	41	716
	2007	480	988	92	250	42	1,852
Nicholas Teller	2008 ¹	200	–	14	100	592	906
	2007	480	813	61	250	114	1,718
Total	2008	4,337	–	741	1,355	5,774	12,207
	2007	4,160	8,257	767	1,500	2,928	17,612

¹ Pro rata for the period since being appointed or up to the date of departure from the Board.

² Owing to the participation of the Special Fund for Financial Market Stabilization (SoFFin), the maximum limit for the remuneration of all members of the Board of Managing Directors active as at the reporting date and Mr Müller was €500 thousand. In the case of Mr Müller, his remuneration as a member of the Supervisory Board of €148 thousand (excl. VAT) also has to be taken into account.

³ Payable in the following year subject to approval of the annual financial statements. In 2007 the variable remuneration included €767 thousand of payments already received for serving on the boards of consolidated companies. For purposes of better comparison, remuneration for serving on boards is now stated separately.

⁴ The LTP 2004 was paid out in 2007 and the LTP 2005 and Eurohypo AG's Longfrist Incentive Plan 2004 were paid out in 2008, the year under review.

⁵ The heading Other covers payment in kind in the year under review. In the year under review Mr Knobloch received €4,040 thousand and Mr Teller €548 thousand, which was promised to them under their severance agreements. Mr Beumer and Mr Kassow were reimbursed for the cost of having security systems installed; Mr Beumer was also reimbursed for the costs of moving house.

⁶ Mr Patig left the Board of Managing Directors at the end of January 2007.

The active members of the Board of Managing Directors had and have participated in the long-term performance plans (LTPs) which are described in the remuneration report and represent a share-based form of remuneration. In order to take part in the various plans, the members of the Board of Managing Directors on the basis of their individual decisions have invested in up to 2,500 shares of Commerzbank Aktiengesellschaft and the Chairman in up to 5,000 shares of Commerzbank Aktiengesellschaft per plan at current market prices.

The following table shows the number of shares (corresponding to a "virtual" option per share) per individual active member of the Board and per respective current LTP, as well as the fair values at the time the share-based payment was granted and the fair values as of the valuation date, December 31, 2008. Provisions for the LTPs 2006 to 2008 amounting to €42 thousand have been formed for possible future payment liabilities to members of the Board on the basis of the fair values as of December 31, 2008. €137 thousand of provisions for the LTP were released in 2008.

Current long-term performance plans

	LTP	Number of participating shares	Attributable fair value		Pro rata provisions as of 31.12.2008 in €1,000
			when the shares were granted in €1,000	as of 31.12.2008 in €1,000	
Martin Blessing	2008	5,000	173	44	6.4
	2007	2,500	79	10	2.9
	2006	2,500	87	–	–
Frank Annuscheit	2008	2,500	87	22	3.2
	2007	1,200	38	5	1.4
	2006	1,200	42	–	–
Markus Beumer	2008	2,500	87	22	3.2
	2007	–	–	–	–
	2006	–	–	–	–
Wolfgang Hartmann	2008	2,500	87	22	3.2
	2007	2,500	79	10	2.9
	2006	2,500	87	–	–
Dr. Achim Kassow	2008	2,500	87	22	3.2
	2007	2,500	79	10	2.9
	2006	2,500	87	–	–
Michael Reuther	2008	2,500	87	22	3.2
	2007	2,500	79	10	2.9
	2006	–	–	–	–
Dr. Stefan Schmittmann	2008	–	–	–	–
	2007	–	–	–	–
	2006	–	–	–	–
Dr. Eric Strutz	2008	2,500	87	22	3.2
	2007	2,500	79	10	2.9
	2006	2,500	87	–	–
Sum	2008	20,000	695	176	25.6
	2007	13,700	433	55	15.9
	2006	11,200	390	–	–
Total		44,900	1,518	231	41.5

The potential remuneration stemming from participation in the LTPs 2006 to 2008 could deviate considerably from the figures shown in the table above or could even be completely released, because the final pay-out amounts are not fixed until the end of the term of each LTP (please refer to the remuneration report concerning terms of payout). In February 2009 the members of the Board of Managing Directors renounced all the shares under the

LTP 2008 and can therefore no longer receive any payments from this plan. Further details are available in the management report.

The first pay-out for the LTP 2005, which were based on the values of the first quarter of 2008, resulted in a payment obligation for the amount achieved under the terms of the plan. The LTP 2005 was terminated in June 2008 by means of a cash payment of €40 per participating share.

The payments made to members of the Board of Managing Directors, who had participated in this plan are listed below. The payments are contained in the total remuneration amount above.

Paid out long-term performance plan

LTP 2005	Number of participating shares	Amount in € 1,000
Klaus-Peter Müller	5,000	200
Martin Blessing	2,500	100
Frank Annuscheit	1,000	40
Wolfgang Hartmann	2,500	100
Dr. Achim Kassow	2,500	100
Dr. Eric Strutz	2,500	100
Nicholas Teller	2,500	100
Total	18,500	740

Mr Knobloch also received a payment of €615 thousand in the year under review from entitlements under Eurohypo's Longfrist Incentive Plan 2004, which had been granted to him in 2004 for his work as Chairman of the Board of Managing Directors of Eurohypo Aktiengesellschaft.

Payments to former members of the Board of Managing Directors and their surviving dependents amounted to €6,533 thousand in the year under review (previous year: €5,410 thousand).

For present and former members of the Board of Managing Directors or their surviving dependents the Bank has established a retirement benefit plan: assets to hedge this were transferred to Commerzbank Pensions-Trust e.V. as part of a contractual trust arrangement.

As at December 31, 2008, the defined benefit obligations for active members of the Board of Managing Directors amounted to €8.7m (previous year: €17.8m) and for former members of the Board of Managing Directors or their surviving dependents €60.3m (previous year: €49.4m). For these pension liabilities Commerzbank has built provisions in the full amount.

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

Remuneration for members of the Supervisory Board is regulated in Art. 15 of the Articles of Association of Commerzbank Aktiengesellschaft. Members of the Supervisory Board will receive net remuneration for financial year 2008 of €1,677 thousand (previous year: €2,547 thousand). Of this figure, the basic remuneration and the remuneration for serving on committees amounts to €1,240 thousand (previous year: €2,307 thousand) and attendance fees to €437 thousand (previous year: €240 thousand). The attendance fees are for participating in the meetings of the Supervisory Board and its five committees (Presiding, Audit, Risk, Nomination and Social Welfare Committees) which met in the year under review. VAT of €285 thousand (previous year: €484 thousand) to be paid on the overall remuneration of the members of the Supervisory Board is refunded by Commerzbank Aktiengesellschaft. Accordingly the total remuneration of members of the Supervisory Board amounted to €1,962 thousand (previous year: €3,031 thousand).

All told, the Board of Managing Directors and Supervisory Board held no more than 1% of the issued shares and option rights of Commerzbank Aktiengesellschaft on December 31, 2008.

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

in € 1,000	31.12.2008	31.12.2007
Board of Managing Directors	2,350	1,086
Supervisory Board	234	723

Members of the Board of Managing Directors have been granted cash advances and loans with terms ranging from on demand to a due date in 2018 and at interest rates ranging between 4.7 % and 5.0 %, and for individual instances of overdrafts up to 10.0 %. Collateral is provided at normal market conditions, if necessary through land charges or rights of lien.

Loans to members of the Supervisory Board (including loans to employee representatives on that board) were granted with terms ranging from on demand to a due date in 2030 and at interest rates ranging between 5.0 % and 5.4 %. In line with market conditions, some of the loans were granted without collateral being provided; some involved land charges or rights of lien.

(36) Corporate Governance Code

We have issued our declaration of compliance with the German Corporate Governance Code pursuant to Art. 161, German Stock Corporation Act – AktG and made it available on November 4, 2008, to shareholders on the internet (www.commerzbank.com).

The management report of the consolidated financial statements contains the 2008 corporate governance report. The statement is also available on the internet.

(37) Holdings in consolidated companies

A full list of all holdings of Commerzbank Aktiengesellschaft is published as part of the notes in the electronic Federal Gazette (*elektronischer Bundesanzeiger*) and can also be accessed in the electronic company register.

Commerzbank Aktiengesellschaft is the parent company of Commerzbank Group and prepares the consolidated financial statements. All information is also published on our website at www.commerzbank.com.

(38) Seats on supervisory boards and similar bodies**Members of the Board of Managing Directors of Commerzbank AG**

Information pursuant to Art. 285, no. 10, of the German Commercial Code (HGB) As of 10.03.2009

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

Martin Blessing

- a) **within Commerzbank Group:**
Commerzbank Auslandsbanken Holding AG
Chairman

Frank Annuscheit

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

Markus Beumer

- a) ThyssenKrupp Services AG
within Commerzbank Group:
Commerz Real AG
Deputy Chairman

Wolfgang Hartmann

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

Dr. Achim Kassow

- a) AMB Generali Holding AG*
ThyssenKrupp Steel AG
within Commerzbank Group:
comdirect bank AG
Chairman
Commerzbank Auslandsbanken Holding AG

- b) Allianz Global Investors GmbH
within Commerzbank Group:
BRE Bank SA
Commerzbank International S.A.
Chairman
Commerzbank (Schweiz) AG
President
COMMERZ PARTNER Beratungs-
gesellschaft für Vorsorge- und
Finanzprodukte mbH
Chairman

Michael Reuther

- a) **within Commerzbank Group:**
Eurohypo AG
- b) **within Commerzbank Group:**
Commerzbank Capital
Markets Corporation
Erste Europäische Pfandbrief-
und Kommunalkreditbank AG
Chairman

Dr. Stefan Schmittmann

- a) Deutsche Schiffsbank AG
Chairman
Schaltbau Holding AG
Verlagsgruppe Weltbild GmbH
within Commerzbank Group:
Commerz Real AG
Chairman
Commerz Real Investment-
gesellschaft mbH
Chairman
Dresdner Bank AG
(since 19.01.2009)
Eurohypo AG
- b) KGAL Allgemeine
Leasing GmbH & Co.
Chairman

Dr. Eric Strutz

- a) ABB AG
BVV Versicherungsverein des
Bankgewerbes a.G.
RWE Power AG
within Commerzbank Group:
Commerzbank Auslandsbanken
Holding AG
Deputy Chairman
Dresdner Bank AG
(since 19.01.2009)

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

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

within Commerzbank Group:

Commerzbank Auslandsbanken Holding Nova GmbH
Chairman

Commerzbank Inlandsbanken Holding GmbH
Chairman

Commerzbank International S.A.

Erste Europäische Pfandbrief- und Kommunalkreditbank AG

Former members of the Board of Managing Directors

Klaus-Peter Müller

see seats under "Members of the Supervisory Board of Commerzbank AG"

Bernd Knobloch

a) **within Commerzbank Group:**

Commerz Real AG
Chairman

Commerz Real Investmentgesellschaft mbH
Chairman

b) **within Commerzbank Group:**

Eurohypo Investment Banking Ltd.

Nicholas Teller

a) EUREX Clearing AG

EUREX Frankfurt AG

b) Air Berlin PLC

Non-executive director

EUREX Zürich AG

Members of the Supervisory Board of Commerzbank AG

Information pursuant to Art. 285, no. 10, of the German Commercial Code (HGB) As of 31.12.2008

a) Seats on other mandatory supervisory boards

b) Seats on similar bodies

Klaus-Peter Müller

a) Fraport AG *
(since May 2008)

Fresenius SE *
(since May 2008)

Linde AG *

Steigenberger Hotels AG

within Commerzbank Group:

Eurohypo AG
Chairman (until November 2008)

b) Assicurazioni Generali S.p.A. *

KfW Kreditanstalt für Wiederaufbau

Liquiditäts-Konsortialbank GmbH

Parker Hannifin Corporation *

within Commerzbank Group:

Commerzbank International S.A.
President (until April 2008)

Uwe Tschäge

./.

Hans-Hermann Altenschmidt

b) BVV Pensionsfonds
(since July 2008)

BVV Pensionskasse

BVV Unterstützungskasse

Dott. Sergio Balbinot

a) Deutsche Vermögensberatung AG

within group:

AachenMünchener
Lebensversicherung AG

AachenMünchener
Versicherung AG

AMB Generali Holding AG

b) **within group:**

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

Europ Assistance Holding

Future Generali India
Insurance Co. Ltd.

Future Generali India
Life Insurance Co. Ltd.

Generali Asia N.V.

Generali China Insurance
Company Ltd.

Generali China Life
Insurance Co. Ltd.
Deputy Chairman

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

Generali Finance B.V.

Generali France S.A.
Deputy Chairman

Generali Holding Vienna AG
Deputy Chairman

Generali Investments SpA

Generali (Schweiz) Holding

Generali PPF Holding BV
Chairman

La Centrale Finanziaria
Generale S.p.A. (since 01.07.2008)

La Estrella S.A.

Migdal Insurance Holding Ltd.

Migdal Insurance & Financial
Holdings Ltd.

Participatie Maatschappij
Graafschap Holland N.V.

Transocean Holding Corporation

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

Dr.-Ing. Burckhard Bergmann

- a) Allianz Lebensversicherungs-AG
Deputy Chairman
- E.ON Energie AG
- MAN Ferrostaal AG
- b) OAO Gazprom
- Nord Stream AG
- OAO Novatek
(since 03.10.2008)
- Telenor
(since 29.05.2008)
- Accumulatorenwerke Hoppecke
Carl Zoellner & Sohn GmbH
- Jaeger Beteiligungsgesellschaft
mbH & Co. KG
Chairman

Herbert Bludau-Hoffmann

/.

Karin van Brummelen

/.

Astrid Evers

/.

Uwe Foullong

- a) DBV-Winterthur Holding AG
- DBV-Winterthur
Lebensversicherung AG

Daniel Hampel

/.

Dr.-Ing. Otto Happel

/.

Sonja Kasischke

/.

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

- a) Hochtief AG
- National-Bank AG
- b) EQT Infrastructure Limited
- RAG Stiftung

Alexandra Krieger

/.

Friedrich Lürßen

- a) Atlas Elektronik GmbH
- b) Finanzholding der
Sparkasse in Bremen
Deputy Chairman
- MTG Marinetechnik GmbH
Chairman

**Prof. h.c. (CHN) Dr. rer. oec.
Ulrich Middelman**

- a) E.ON Ruhrgas AG
- LANXESS AG *
- LANXESS Deutschland GmbH
- within group:**
- ThyssenKrupp Elevator AG
Chairman
- ThyssenKrupp Stainless AG
Chairman
- ThyssenKrupp Steel AG
- ThyssenKrupp Reinsurance AG
Chairman

- b) Hoberg & Driesch GmbH
Chairman

within group:

- ThyssenKrupp Acciai
Speciali Terni S.p.A.
- ThyssenKrupp (China) Ltd.
- ThyssenKrupp Risk and
Insurance Services GmbH
Chairman

Klaus Müller-Gebel

- a) comdirect bank AG
Deputy Chairman
- Deutsche Schiffsbank AG
- Eurohypo AG
Deputy Chairman

Barbara Priester

/.

Dr. Marcus Schenck

- a) **within group:**
- E.ON Ruhrgas AG
- b) **within group:**
- Aviga GmbH
Chairman
- E.ON Audit Services GmbH
Chairman
- E.ON IS GmbH
Deputy Chairman
- E.ON Risk Consulting GmbH
Chairman
- NFK Finanzcontor GmbH
Chairman
- OAO OGK 4

Dr.-Ing. E.h. Heinrich Weiss

- a) DB Mobility Logistics AG
(since 05.09.2008)
- Deutsche Bahn AG
- Voith AG
- within group:**
- SMS Demag AG
Chairman
- b) Thyssen-Bornemisza Group
Bombardier Inc.

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

**Former members of the
Supervisory Board**

Dr. h.c. Martin Kohlhausen

- a) HOCHTIEF AG
Chairman
ThyssenKrupp AG

Dr. jur. Heiner Hasford

- a) D.A.S. Deutscher Automobil
Schutz – Allgemeine Rechts-
schutz-Versicherungs-AG
ERGO Versicherungsgruppe AG
Europäische Reiseversicherung AG
Chairman
Hamburg-Mannheimer
Sachversicherungs-AG
(since 06.03.2008)
MAN AG
Nürnberger Beteiligungs-AG
VICTORIA Lebensversicherung AG
(until 10.03.2008)
VICTORIA Versicherung AG

Wolfgang Kirsch

./.

Werner Malkhoff

./.

Dr. Sabine Reiner

./.

Prof. Dr. Jürgen F. Strube

- a) Allianz Deutschland AG
BASF AG
Chairman
Bayerische Motorenwerke AG
Deputy Chairman
Bertelsmann AG
Deputy Chairman
Fuchs Petrolub AG
Chairman
Hapag-Lloyd AG
Linde AG
(until 03.07.2008)

Dr. Klaus Sturany

- a) Bayer AG
Hannover Rückversicherung AG
Heidelberger Druckmaschinen AG
b) Österreichische Industrieholding AG

**Employees of
Commerzbank AG**

Information pursuant to Art. 340a, (4), no. 1,
of the German Commercial Code (HGB)
As of 10.03.2009

Heiko Burchardt

Ellerhold AG

Dr. Detlev Dietz

cominvest Asset Management GmbH
Commerz Real AG
Commerz Real Investment-
gesellschaft mbH

Martin Fishedick

Borgers AG
cominvest Asset Management GmbH
Commerz Real AG
Commerz Real Investment-
gesellschaft mbH

Bernd Förster

SE Spezial Electronic AG

Bernd Grossmann

Textilgruppe Hof AG

Herbert Huber

Saarländische
Investitionskreditbank AG

Klaus Kubbetat

Goodyear Dunlop Tires
Germany GmbH
Pensor Pensionsfonds AG

Erhard Modrejewski

Braunschweiger
Baugenossenschaft eG

Dr. Thorsten Reitmeyer

Commerz Real Investment-
gesellschaft mbH
Commerz Real AG

Jörg Schauerhammer

Herlitz AG
Herlitz PBS AG

Dirk Wilhelm Schuh

GEWOBA Wohnen und Bauen AG

Martin Zielke

comdirect bank AG

(39) Boards of Commerzbank Aktiengesellschaft

Supervisory Board

Dr. h.c. Martin Kohlhaussen
Chairman (until May 15, 2008)
Frankfurt am Main

Klaus-Peter Müller
Chairman (since May 15, 2008)
Frankfurt am Main

Uwe Tschäge*
Deputy Chairman
Bank employee
Commerzbank AG
Düsseldorf

Hans-Hermann Altenschmidt*
Bank employee
Commerzbank AG
Essen

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

Dr.-Ing. Burckhard Bergmann
(since May 15, 2008)
former Chairman of the
Board of Managing Directors
E.ON Ruhrgas AG
Hattingen

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

Karin van Brummelen*
(since May 15, 2008)
Bank employee
Commerzbank AG
Düsseldorf

Astrid Evers*
Bank employee
Commerzbank AG
Hamburg

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

Daniel Hampel*
Bank employee
Commerzbank AG
Berlin

Dr.-Ing. Otto Happel
Entrepreneur
Luserve AG
Lucerne

Dr. jur. Heiner Hasford
(until May 15, 2008)
Member of the Board of
Managing Directors (retired)
Münchener Rückversicherungs-
Gesellschaft AG
Gräfelfing

Sonja Kasischke*
Bank employee
Commerzbank AG
Brunswick

**Prof. Dr.-Ing. Dr.-Ing. E.h.
Hans-Peter Keitel**
(since May 15, 2008)
Member of the Supervisory Board
HOCHTIEF AG
Essen

Wolfgang Kirsch*
(until May 15, 2008)
Bank employee
Commerzbank AG
Oldenburg/Frankfurt am Main

Alexandra Krieger*
(since May 15, 2008)
Dipl.-Kauffrau
Head of Division Economics
Department Codetermination
Hans-Böckler-Stiftung
Düsseldorf

Friedrich Lürßen
Chairman
Fr. Lürssen Werft GmbH & Co. KG
Bremen

Werner Malkhoff*
(until May 15, 2008)
Bank employee
Commerzbank AG
Wallrabenstein

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

Klaus Müller-Gebel
Lawyer
Frankfurt am Main

Dr. Sabine Reiner*
(until May 15, 2008)
Trade Union Secretary
Economic Policy
ver.di National Administration
Berlin

Barbara Priester*
(since May 15, 2008)
Bank employee
Commerzbank AG
Frankfurt am Main

Dr. Marcus Schenck
(since May 15, 2008)
Member of the Board
of Managing Directors
E.ON AG
Düsseldorf

Prof. Dr. Jürgen F. Strube
(until May 15, 2008)
Chairman of the Supervisory Board
BASF Aktiengesellschaft
Ludwigshafen

Dr. Klaus Sturany
(until May 15, 2008)
Member of different supervisory boards
Dortmund

Dr.-Ing. E.h. Heinrich Weiss
Chairman
SMS GmbH
Düsseldorf

Dr. Walter Seipp
Honorary Chairman
Frankfurt am Main

* elected by the Bank's employees

Board of Managing Directors

Klaus-Peter-Müller

Chairman
(until May 15, 2008)

Martin Blessing

Chairman
(since May 15, 2008)

Frank Annuscheit**Markus Beumer****Wolfgang Hartmann****Dr. Achim Kassow****Bernd Knobloch**

(until September 30, 2008)

Michael Reuther**Dr. Stefan Schmittmann**

(since November 1, 2008)

Dr. Eric Strutz**Nicholas Teller**

(until May 31, 2008)

(40) Statement by the Management Board

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 assets, liabilities, financial position and profit and loss of the company, and the management report includes a

fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company.

Frankfurt am Main, March 10, 2009

The Board of Managing Directors



Martin Blessing



Frank Annuscheit



Markus Beumer



Wolfgang Hartmann



Achim Kassow



Michael Reuther



Stefan Schmittmann



Eric Strutz

Auditors' report

We have audited the annual financial statements, comprising the profit and loss account, the balance sheet and the notes to the financial statements, together with the bookkeeping system, and the management report of Commerzbank Aktiengesellschaft, Frankfurt am Main for the business year from January 1, 2008 to December 31, 2008. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's Board of Managing Directors. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

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

Our audit has not led to any reservations.

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

Frankfurt am Main, March 11, 2009

**PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft**

Lothar Schreiber
Wirtschaftsprüfer
(German Public Auditor)

Petra Fischer
Wirtschaftsprüfer
(German Public Auditor)

Commerzbank worldwide



Operative foreign branches

Amsterdam, Atlanta (agency), Barcelona, Bratislava, Brno (office), Brussels, Chicago, Dubai, Hong Kong, Hradec Králové (office), Johannesburg, Košice (office), London, Los Angeles, Luxembourg, Madrid, Milan, New York, Ostrava (office), Paris, Plzeň (office), Prague, Shanghai, Singapore, Tokyo

Representative offices

Addis Ababa, Almaty, Ashgabat, Baku, Bangkok, Beijing, Beirut, Belgrade, Bucharest, Buenos Aires, Cairo, Caracas, Ho Chi Minh City, Istanbul, Jakarta, Kiev, Lagos, Minsk, Moscow, Mumbai, Novosibirsk, Panama City, São Paulo, Seoul, Taipei, Tashkent, Tehran, Zagreb

Major foreign holdings

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

2009/2010 Financial calendar

May 8, 2009	Interim Report Q1 2009
May 15, 2009	Annual General Meeting
Early-August 2009	Interim Report Q2 2009
Early-November 2009	Interim Report Q3 2009
November 25, 2009	Investors' Day
Mid-February 2010	Annual Results Press Conference
End-March 2010	Annual Report 2009