| financial statements and management report 2005 |

COMMERZBANK AG

COMMERZBANK

financial statements and management report 2005

COMMERZBANK AG

contents

management report of commerzbank ag

Business and overall conditions

In 2005, there was a slight improvement in Germany's overall economic conditions. While economic performance did not rebound as strongly as had been hoped, buoyant foreign demand lifted corporate profits. Activity on stock markets was encouragingly brisk as a result, from which we were also able to benefit. After several years of cost-cutting and restructuring, we are now back on a successful course. This is reflected in the key figures of Commerzbank AG: our pre-tax return on equity rose from 5.1% to 8.5%, while our cost/income ratio improved from 67.9% to 54.8%.

Acquisition of Eurohypo AG agreed in November

In November, we reached agreement with Deutsche Bank AG and Allianz/Dresdner Bank AG to acquire their interests in Eurohypo AG in two steps. We bought 17.1% on December 15, 2005, transferring the entire investment to Commerzbank Inlandsbanken Holding AG. A further 49.1% will follow as of March 31, 2006. The average purchase price was €19.60 per share. Given the approval of the authorities, we will hold more than 98% of the equity of Eurohypo AG in future.

To support this transaction, a capital increase with the subscription rights of Commerzbank shareholders excluded was effected in November 2005. The new shares were allocated to institutional investors at a price of €23.50 per share, providing Commerzbank with about €1.36bn of new equity. Our subscribed capital now stands at €1,707,712,648.20, divided into 656,812,557 no-par-value shares. When we purchase the other 49.1% of Eurohypo on March 31, 2006, we will make the first issue of hybrid capital in Commerzbank's history. This will ensure that the core capital ratio stays within our target range after Eurohypo has been fully consolidated.

With the takeover of Eurohypo AG, Commerzbank will become the second-largest German credit institution and the leading bank in the domestic market. The transaction, which represents an important contribution towards consolidating the German banking system, is Commerzbank's largest in the past 50 years.

Earnings performance, net asset and financial position

With its 791 offices, Commerzbank has a nationwide branch network in Germany for its corporate and retail customers. In specialized areas, the Bank also operates through subsidiaries, above all in the fields of leasing, asset management and real estate. Outside Germany, it is active mainly in corporate banking through 21 branches, 25 representative offices and 15 major subsidiaries. An overview of the international outlets can be found on page 66 of this report.

Profit and loss account

Our sharp focus and systematic strategic orientation are also beginning to bear fruit on the revenue side. Benefiting from somewhat improved overall conditions, we raised our revenues by altogether 9.5% to €5.24bn.

In purely interest-generating business, the result was practically unchanged on the previous year, at €2,445m (€2,442m). However, thanks to the better result for Inlandsbanken Holding, the income from profit-pooling and from partial or full profit-transfer agreements was substantially higher. For this item, we registered €693m compared with €155m a year earlier.

Commission income was up €35m to €1,691m, primarily on account of our success in selling investment-fund units. We also achieved a slight increase in our syndicated business. All told, net commission income reached €1.51bn, 6.8% more than a year earlier.

Cost management remains strict

The number of people employed by Commerzbank AG contracted slightly. All the same, personnel expenses rose by 5.0% to €2.09bn; apart from salary increases, this was due above all to higher provisions for bonuses.

Other operating expenses advanced by 8.3% to €1.23bn; depreciation sank by a hefty 21.1%. All in all, operating expenses declined again from their already low level, by 1.8%, to €3.52bn.

In the year under review, the income from financial investments reflects, among other things, the proceeds from the disposal of our interests in Unibanco and Banca Intesa. All told, we achieved €837m on this item, as against €277m a year previously.

Net profit more than doubled

The balance on all the income and expenses described above – representing the result from ordinary activities – reached €1,264m, compared with €557m in the previous year. From this result, we have allocated €500m to the fund for general banking risks. In addition, two projects were launched in the 2005 financial year which are intended to lead to more efficient back-office procedures in corporate lending and other areas. In this connection, jobs will be shed and offices closed down. For these measures, we have recognized restructuring expenses of €30m.

After taxes of €406m have been deducted, a net profit for the year or distributable profit of €328m remains. We will propose to the Annual General Meeting of shareholders that this amount be used to pay a dividend of €0.50 per Commerzbank share on the augmented share capital. Last year, we paid €0.25 per share.

Balance sheet of Commerzbank AG

At end-2005, the balance-sheet total of Commerzbank AG stood at €281.7bn and was thus practically €31bn higher than a year earlier. After declines in recent years, risk-weighted assets – including market-risk items – expanded by 9.1% to €121.8bn. This development shows that credit demand is picking up again somewhat. In particular, increases were registered for claims on banks (+€19.6bn to €80.7bn), claims on customers (+€5.8bn to €112.6bn) and bonds, notes and other fixed-income securities (+€5.4bn to €49.0bn). However, our portfolio of shares and other variable-yield securities contracted by €2.4bn to €7.2bn.

Investments declined by €950m to €1.3bn. In the course of restructuring our investment portfolio, we had already in the preceding years moved investments in financial institutions to either Commerzbank Inlandsbanken Holding AG or Commerzbank Auslandsbanken Holding AG. In 2005, the participations in BRE Bank, Mediobanca and Caisse Centrale de Réescompte were transferred to Commerzbank Auslandsbanken Holding AG. We have transferred our stakes in Linde and Hochtief to Atlas Vermögensverwaltungsgesellschaft, where we bundle our industrial holdings.

By contrast, holdings in affiliated companies increased by 26.8% to €9.8bn, on account of the raising of our stake in comdirect bank AG to almost 80% in the summer of 2005, the acquisition of Eurohypo shares in November and, last but not least, the above-mentioned transfer of individual participations to holding companies.

Fixed assets continued to develop as previously; due to our strict cost management, they declined by another 18.5%.

Time deposits up practically 30%

Liabilities to banks expanded by €13.3bn to €121.2bn; customers' deposits similarly registered an encouragingly strong rise of altogether €10.5bn to €94.1bn. However, this growth conceals divergent underlying trends. Whereas savings deposits contracted by €4.4bn, demand and time deposits rose by €14.9bn. Securitized liabilities expanded by €3.7bn to €30.3bn.

Last December, we raised the capital of the Commerzbank Foundation by €5m to €31.1m. In January 2006, the foundation was endowed with a further €5m. In accordance with its statutes, it can become active in all non-profit fields. The increase in its capital will enable it to devote itself even more intensively to its main support activities.

Equity €1.5bn higher

Subscribed capital and the capital reserve were €1.4bn higher, thanks primarily to the November capital increase. An amount of €9m was generated by the issue of shares to employees. Revenue reserves were unchanged year-on-year. With the distributable profit included, we have equity of altogether €10.1bn, as against €8.6bn a year previously.

The sharp increase in our equity more than offset the expansion in our risk-weighted assets. This is underlined by our capital ratios: the core capital ratio now stands at 8.0% (previous year: 7.5%), the own funds ratio at 12.6%, compared with 12.4%.

We further reduced our high-interest subordinated capital (profit-sharing certificates outstanding and subordinated liabilities) by €409m to €6.6bn.

Sustainability gaining in importance

In December 2005, Commerzbank published its first sustainability report, entitled *idea-ls*. In it, the Bank describes its corporate responsibility for the impact of its business activities on society, its staff, the environment and the economic setting. We provide an extensive information on our commitment to sustainability. The spectrum ranges from corporate governance to relations with the various groups of customers, environmental commitment, sponsoring activities and the responsibility we show towards employees.

Employees are the key to the success of a service company. That is why Commerzbank sets especially great store by the qualifications and opportunities for development of its younger personnel. In 2005, 600 trainees were taken on, 80 more than in the previous year. In the past financial year, the Bank offered roughly 500 internships, twice as many as in 2004. About 300 students, above all former trainees, belong to Commerzbank's study circle, which means that they gain practical experience while their study. Roughly 250 graduates per year take part in one of the Bank's junior executive training programmes.

Flexible working hours are part of a modern work culture. To enable qualified staff to combine family, social functions or further training with their careers, we offer a variety of models. Just over 20% of our staff use the opportunities afforded by part-time working, flexitime, variable working hours and teleworking.

At end-2005, Commerzbank had altogether 24,649 employees, 22,715 of them in Germany and 1,934 abroad. The staff turnover rate has fallen from 7.0% in 2003 to 5.3% in 2004 and a current figure of 3.1%.

Résumé: 2005 business situation

We can be very satisfied with the business progress in all core segments in 2005. We have come closer to realizing our long-term targets for our return on equity. With the Eurohypo transaction, we have prepared the stage for the future.

Report on subsequent transactions

No business transactions of material significance have occurred since the balance-sheet date.

Current forecast

Over the next few years, we expect only a slight upward trend in economic performance. We believe Germany's GDP will expand by 1.5% in 2006 and 1.0% in 2007. This would leave Germany somewhat below the average for the eurozone, for which we forecast economic growth of 1.8% in both years. Credit demand will not pick up notably, therefore. The positive mood on the stock exchange should continue; we expect the DAX index to reach an annual high of 6,300 points. This will have a further positive effect on the Bank's securities business.

In 2006 and 2007, we will above all be concerned with integrating Eurohypo into the Commerzbank Group. We are currently working intensively to identify the synergies on both the revenue and the cost side arising from cooperation between the two banks. We will introduce the resolved measures for realizing synergies from May 2006 onwards.

Over the next two years as well, we plan to work intensively on increasing the profitability of the individual segments.

In the Private and Business Customers area, we intend to expand in attractive market and product segments, continue raising the level of qualifications of our staff and maintain our tight control over costs. We will boost efficiency through more extensive use of the "branch of the future" and through constant optimization of procedures all along the value chain. In 2005, we launched our business customers initiative, gaining more than 20,000 new customers in what is an interesting segment for us. We are confident, therefore, that we will achieve our target of 50,000 new business customers overall by end-2006. In retail business, we will continue to pay close attention to provisioning. Given the continuing strains on the labour market, we have to reckon on a slight increase.

Our goal in Private Banking is to maintain our organic expansion in terms of both clients and assets. It is important in this connection to improve contact with clients; we plan to open two further offices in 2006. We will also build upon our successful position in foreign markets, such as Switzerland.

In Asset Management, too, we are aiming for growth. We intend to strengthen contacts with the distributors of third-party funds and at the same time investigate possible acquisitions. On April 1, 2006, we are taking over 51% of the capital of Münchner Kapitalanlage AG (MK) from Continentale Holding AG. The remaining 49% will be transferred to Cominvest on April 30, 2009. For its roughly 120,000 customers, MK manages assets worth €1.4bn. Commerzbank will also cooperate closely in future with the Continentale insurance group to sell fund and banking products. Over the medium term, we expect this to generate an inflow of around €1bn. As the problems of several competitors have led to sizeable outflows of funds since last December, we are closely watching the development of open-ended property funds. However, we are confident that, thanks to our professional management and also to the industry's new guidelines, the situation will definitely return to normal again.

Our systematic focus on *Mittelstand* companies is bearing fruit – in terms of both the service we provide and special products. Since 2004, we have run our "Move to the top" initiative, which is designed to make Commerzbank into the best bank in Germany for *Mittelstand* companies. In the course of this campaign, we have gained more than 9,700 new customers over the past two years, thereby achieving our target of altogether 9,000 by end-2006 ahead of schedule. We expect stronger sales activities to produce significant revenue growth in future. As things stand today, we will be able to reduce our provisioning in Germany further. In Central and Eastern Europe – a region which belongs to the *Mittelstand* segment – we will continue to examine possibilities to expand through acquisitions. In these locations, we also intend to streamline procedures and back-office functions.

In International Corporate Banking, we want to concentrate on selling Commerzbank products outside Germany. The core of our strategy is to provide support for German clients doing business abroad. But we also still see great rationalization potential in this segment. For several months, we have been subjecting the operating structures of our Western European units to a process of optimization. In future, for instance, loan processing and other back-office functions are to be more strongly centralized. As a next step, we are examining various scenarios for further improving the profitability of our operational units in Asia.

We made good progress in the Corporates & Markets section in 2005. Its development shows that we were right to concentrate on the two centres Frankfurt and London as well as customer-driven business. We intend to pursue this course systematically. However, in the future as well, earnings performance will be largely determined by the stock markets.

For the next few years, we have the following goals:

1. Strengthening of our position as Germany's leading commercial bank and an active role in the consolidation of the German banking market
2. Successful conclusion to the integration of Eurohypo
3. Higher profitability in all core segments, both through boosting efficiency and by seizing opportunities for expansion
4. Professional capital management in order to hold our core capital ratio in the upper part of our target range.

All these efforts are intended to take us steadily closer to achieving our earnings goals. By 2010, we are aiming for an after-tax return on equity at Group level of 15% and a cost/income ratio of about 60%.

risk report

Main highlights in 2005

- For the third year in a row, the Bank was able to lower its **loan-loss provisions**.
- **Economic capital** was reduced as planned during the year by removing bulk risks in lending.
- The introduction of the **Commerzbank Master Scale** at the start of the year as well as new **incisive rating and scoring procedures** – combined with improved risk-adjusted pricing – led to better risk selection and, in future, to the need for less economic capital.
- The results produced by statistical methods of estimating the security furnished and recovery rates, implemented in connection with the Basel II project, were integrated into **the credit risk model**, as part of **current efforts to enhance it**.
- The main goals set for the Basel II project in 2005 were achieved according to plan and the **application for certification of the IRB Advanced Approach was submitted to BaFin by July 2005**.
- The methods required by the supervisory authorities for identifying, measuring, monitoring and steering **operational risk** are either already in use throughout the Bank or at the pilot stage. It is planned to submit an application for approval of the Advanced Measurement Approach for operational risk in accordance with Basel II in the second quarter of 2006.
- The implementation of the Minimum requirements for the risk management of credit institutions **(MaRisk)**, which is supposed to take place by January 1, 2007, is proceeding according to plan at the Bank. Many of the requirements have already been implemented and we assume that the points still to be covered will be dealt with on time.
- In 2005, the Bundesbank conducted an **examination of trading activities pursuant to Art. 44, (1), KWG** (German Banking Act) on the instructions of BaFin. As a result, BaFin confirmed that, in the areas examined, our Bank is complying with MaH and that its internal control system is appropriate in terms of the scope, complexity and risk character of the trading activities it conducts.
- The German banks' auditing association conducted an **examination** of Commerzbank's **system of deposit protection** in 2005. The examination confirmed that, in the areas examined, Commerzbank pursues a cautious credit policy and evaluates security properly.

I. Risk-based overall Bank management

1) Risk-policy principles

Commerzbank's value-based overall Bank management involves taking on identified risks and managing them professionally. Risk-management activities focus on making efficient use of equity from the risk and return standpoints:

- The Bank's Board of Managing Directors defines risk-policy guidelines as part of the annually reviewed **overall risk strategy**, which it has established. Previously consisting of various sub-strategies, this overall strategy will be examined in future for its compatibility with business strategy in accordance with the new MaRisk.
- The Board of Managing Directors and the Supervisory Board are informed promptly in the form of comprehensive, objective reports of the Bank's risk situation.
- At Board level, the **Chief Risk Officer** (CRO) is responsible for controlling all of Commerzbank's quantifiable risks (especially credit, market, liquidity and operational risk) and also for working out and implementing the overall risk strategy.
- As part of his **responsibility for the operative credit function**, the CRO assumes the management function for all credit risks.
- All quantifiable risks are monitored under the **economic capital approach** according to uniform standards and geared to Commerzbank's risk-taking capability. This makes possible an efficient use of capital.
- The CEO bears responsibility for risks related to the Bank's business strategy and **reputational risks**.
- The CFO assumes responsibility for **compliance risk** (investor protection, insider guidelines, money laundering, etc.).
- The risk-policy guidelines and structures are presented in a **Risk Manual**, available to all staff via intranet. It is the basis for processing and commu-

nicating all the major types of risk in a uniform manner and consequently provides support for the management of identified risks at Commerzbank.

- The **early-warning and monitoring systems for risk** are designed to achieve qualified and prompt identification of all the major risks.
- We make sure that the **risk functions**, whose efficiency we constantly examine using modern steering systems, are **well-equipped with personnel** in qualitative and quantitative terms.
- In view of the contribution made by efficient risk management to corporate success, especially in the case of a financing bank like Commerzbank, we always want to be **state-of-the-art** here.
- Applying appropriate **stress and scenario analyses**, we keep a watchful eye on the downside risk for all the relevant portfolios and, if necessary in terms of risk management, we launch counter-measures in good time.

As a result, the risk-management system makes a major contribution towards optimizing the structure of the Bank's risk and returns, and towards a value-based management of the Bank.

2) Risk categories

Commerzbank defines risk as the danger of possible losses or lost profits which may be caused by internal or external factors. For risk-management purposes, Commerzbank distinguishes between **quantifiable and non-quantifiable types of risk**.

All quantifiable risks are part of Commerzbank's overall risk strategy in accordance with MaRisk requirements and the economic capital approach (the refinancing risk not being included here).

The individual risks are:

- **Credit risk**: the risk of losses or lost profits due to defaults (default or deterioration in creditworthiness) of counterparties and also the change in this risk. Apart from this traditional risk, credit risk also covers country risk and issuer risk as well as counterparty risk and settlement risk arising from trading activities.
- **Market risk:** the potential negative change in value of the Bank's positions as a result of changes in market prices (interest rates, spreads, currency and equity prices), their derivatives or parameters which influence prices (volatilities, correlations). In Commerzbank's definition, risks from equity holdings in the banking book and equity event risk (modelling of equity risk extending beyond VaR, such as the insolvency of the issuer) also represent market risks and are monitored like these.
- **Interest-rate risk in the banking book:** the risk of adverse effects of changes in market interest rates on the capital or current income. Different fixed-interest periods for claims and liabilities in balance-sheet transactions and derivatives represent the most important source of such risks.
- **Operational risk:** the risk of losses through inadequate or defective systems and processes, human or technical failures, or external events (such as system breakdowns or fire damage). By analogy with the Basel Committee's definition, operational risk also includes legal risk, i.e. risks stemming from inadequate contractual agreements or changes in the legal framework.
- **Liquidity risk:** the risk of the Bank not being able to meet its current and future payment commitments, or of not being able to do so on time (refinancing risk).
- **Market-liquidity risk:** the risk that inadequate market liquidity will prevent the Bank from selling trading positions at short notice or hedging them to the desired extent.
- **Business risk:** the risk of losses due to negative deviations in revenue (especially commissions) and costs from the budgeted figures. Business risk is influenced both by business strategy and by the Bank's internal planning process, as well as by changed overall conditions such as the market environment, customers' behaviour or technological developments.
- **Overall risk:** the proper recognition and representation of all Commerzbank's relevant quantifiable risks in a model (economic capital approach) and the gearing and limiting of the economic capital calculated in this way (= unexpected loss, UL) to the Bank's risk-taking capability. The expected loss (EL), similarly calculated within this model, is crucial for managing business (risk-adjusted pricing/determining what business is sought).

The non-quantifiable risks are subjected to qualitative monitoring in connection with pillar II of the Basel Accord and MaRisk. They include:

- **Strategic risk:** the risk of negative results on account of previous or future fundamental business-policy decisions, produced by investment decisions in various business lines/regions (internal/external growth or divestments).
- **Compliance risk:** legal, regulatory sanctions or financial losses due to failure to comply with laws, regulations, guidelines or organizational standards and codes of conduct which have a bearing on Commerzbank business activities and which, for example, relate to the prevention of money laundering, the protection of data and business secrets, investor protection or observing the rules of the German legislation on securities trading.
- **Personnel risk:** based on the consideration of all the major risks that is required by MaRisk, personnel risk will also be integrated in future into Commerzbank's qualitative reporting. MaRisk requires the quantitative and qualitative staffing of a bank to reflect *inter alia* its business activities, strategy and risk situation.
- **Reputational risk:** the risk of losses, falling revenue or a reduction in the Bank's market value on account of business events which erode the confidence in the Bank of the public, rating agencies, investors or business associates. As a rule, reputational risks result from one of the above-mentioned sources and reinforce them.

3) Overall Bank management and economic capital

As part of overall Bank management, risk management and profitability management are consistently combined to yield an integrated value-based steering approach. Commerzbank's overall management has two main objectives:

- to ensure a capital base that is adequate for its risk profile,
- to achieve the most efficient allocation of the scarce resource equity, taking into consideration medium- and long-term strategic goals and growth prospects.

Expected loss (EL)

- Based on the structure of the Bank (aggregate portfolio, systems, staff), the EL represents the expected loss calculated in connection with the economic capital approach which has to be considered as a cost factor in budget planning.
- Its high discrimination in modelling parameters is essential for steering business, as only then is it possible to achieve risk-adjusted pricing and to avoid alpha and beta errors (alpha error: positive lending decision subsequently leading to loan losses; beta error: credit refused to borrowers/business that in retrospect prove to be stable during the requested lifetime of the credit).
- Each set of results for individual portfolios is compared with the actual risk outcome as part of the validation process.
- Unlike loan losses and losses arising from operational risks, changes in market prices and business risks in principle have the same effect in both directions. *Ex ante*, therefore, no expected gain or expected loss can be assumed. The gains or losses produced by uncertain future changes in market prices – such as changes in commission-earning business – are defined as entirely unexpected, therefore.

The decline in expected loss – above all in the Corporate and Investment Banking division – can be traced back to improvements to the model in connection with the Basel II project and the resulting probabilities of default, loss-given-default parameters and charges for unutilized credit lines, all of which reflect risk more accurately.

Unexpected loss (UL = economic capital)

The use of economic capital is a measure for the unexpected loss (= volatility of EL), which is consequently not included in the profit/loss calculation in the course of budgetary planning. It can be traced back, for example, to economic ups and downs, problems in given industries and also bulk risks. Commerzbank's integrated risk/return-based management is built around the concept of economic capital, developed over a number of years, which forms the basis for a system of risk-adjusted key parameters. It makes possible the early risk recognition of negative developments in the form of transparent reports and the establishment of a suitable escalation procedure.

- Economic capital represents an internal measure reflecting the Bank's risk appetite.
- It is defined as the amount of capital which should be held available with a given probability in the course of one year to cover unexpected losses

arising from risk positions. It represents the aggregate of all quantifiable risks which have to be backed by equity.

- The confidence level of 99.95% which is used as a basis here is derived from the probability of default for Commerzbank's A1 (Moody's) target rating.
- The approach adopted has been validated in national and international benchmark studies and counts as best practice. It is constantly being enhanced.
- In 2006, the risks arising from real-estate business (own investments) will be integrated into monitoring.

Economic capital reflects the Bank's specific risk profile and consequently includes risk categories which previously had not been considered under regulatory capital.

The differences between regulatory and economic measures of capital have been reduced by Basel II, but the currently significant discrepancies will not disappear altogether even with the new Basel capital rules. Among other things, this is due to the diversification effects and bulk risks which Basel II does not take into consideration. In the past financial year, further differentiation was introduced into the measurement of credit risk, which improved the steering of risk concentrations and bulk risks in lending.

Economic capital is now an integral part of overall Bank management; as from 2006, the economic capital approach will also be used in the capital management of the individual business lines. In the relevant calculations, the Bank's business lines and the units of which they are comprised are assigned not only costs and revenues but also economic capital and risk-adjusted performance benchmarks. This makes it possible to compare the respective divisions with regard to their revenue and risk components, to recognize value-destroyers/drivers, and to allocate capital efficiently on that basis.

The decline in the economic capital for **credit risks** mainly stems from Corporate and Investment Banking. Whereas the reduction in the *Mittelstand* segment was primarily achieved through improved portfolio quality (better ratings, higher collateral), the decline at Corporates & Markets is principally attributable to the reduction of bulk risks.

In the past financial year, the Basel parameters (PD and LGD), worked out or validated in the course of the Basel II project, were successfully integrated into the calculation of the internal risk capital for credit risks. We expect the EL and UL arising from credit risk to be further reduced in 2006 as a result.

Thanks to further disposals of non-strategic equity holdings (in particular MAN, Banca Intesa and Heidelberger Druck), there was a marked reduction in the economic capital to cover the **market risk** from equity holdings at Others and Consolidation. By contrast, the economic capital for market risk not related to equity holdings increased during the year, primarily due to the strategic build-up of interest-rate risks in the banking book; it was not reflected, therefore, in a higher regulatory capital requirement (under both Principle I and Basel II, interest-rate risks in the banking book do not need to be backed by equity).

Recognition of diversification effects between event categories in modelling led to a marked reduction in the capital needed to cover **operational risk**. This takes account of the fact that different serious events do not occur simultaneously.

The economic capital for **business risk** was slightly lower than a year earlier.

Risk-taking capability

Calculation of the risk-taking capability is the second important pillar of overall Bank management after integrated risk/return-oriented steering based on economic capital.

- Here, the overall risk figure worked out for the Bank – measured as economic capital – is set off against the total capital available for covering risk in the form of a "traffic-lights" system.
- The capital components corresponding to the various traffic-light scenarios correspond to Commerzbank's ability to anticipate potential losses in terms of absolute figures and priority.
- The objective of this comparison is to establish whether the Bank is in a position to anticipate potential unexpected losses without serious negative effects on its business activity and to cover them from its own funds.
- For this purpose, a risk buffer of at least 20% was defined between Commerzbank's overall risk – adjusted for portfolio effects – and the disposable parts of the capital available for risk coverage.

- At the individual borrower level, a limit of €20m CVaR has been set for steering bulk risks. If this is exceeded on more than a short-term basis (e.g. in the course of underwriting), the appropriate measures must be taken in order to reduce the risk (e.g. purchase of security via credit derivatives).

Within the Bank's overall risk strategy, the risk buffer requirement has been translated into specific targets for individual portfolios.

During the year under review, the capital available for risk coverage was always greater than the 20% risk buffer which has been defined.

II. Risk-management/risk-control organization

Responsibility for implementing the risk-policy guidelines laid down by the Board of Managing Directors lies with the Chief Risk Officer (CRO). The CRO regularly reports to the **Risk Committee of the Supervisory Board** and to the Board of Managing Directors on the Bank's overall risk situation. In addition to being responsible for Risk Control (ZRC), the CRO is also in charge of the operative credit units; the operative credit function is shared by Global Credit Operations (ZCO), responsible for corporate clients, financial institutions/sovereigns and private clients outside Germany, and Credit Operations Private Customers (ZCP), responsible for private customers in Germany.

For the operational implementation of risk management, the Board of Managing Directors have delegated functions to specific committees, which support them in making decisions on all risk-relevant issues:

- The **Risk Committee**, headed by the CRO, is responsible for issues related to monitoring all the major types of risk, as well as their aggregation as part of the economic-capital approach and Commerzbank's overall risk situation. At fortnightly intervals, the Risk Committee discusses market-risk issues and general risk topics.
- The **Credit Committee** meets every week, chaired by the CRO. It is made up of equal numbers of front-office (Commerzbank AG's Board and Regional Board Members) and risk-management personnel (CRO and CCO = Chief Credit Officer) and is responsible for all credit risk at the individual and portfolio levels. The committee issues a recommendation on all the lending decisions to be taken by the Board of Managing Directors. Its work is supported by three credit sub-committees for corporates, financial institutions and private customers. MaRisk requires that the CRO or the risk-management side are not outvoted in lending decisions – the exception being decisions adopted by the Board of Managing Directors. Where there is disagreement, we have a well-functioning escalation process.
- The **Operational Risk Committee** is responsible for all the broader issues relating to operational risk. It provides support for the Risk Committee in decisions relating to the management and monitoring of operational risk.
- As a sub-committee of the Risk Committee, the **New Product Committee**, which is chaired by the head of ZRC, decides whether to launch activities in new products or new markets in the form of trading or loan products. In accordance with MaRisk, it will also focus on the investment side in future.
- The **Asset & Liability Committee** (ALCO) is headed by the Board member in charge of Treasury. It is responsible for fundamental issues in asset/liability management, the Bank's liquidity, and also its borrowing and equity.

1) Risk control

After the Board of Managing Directors, Risk Control (ZRC), which with its global organization reports directly to the CRO, bears overall responsibility for controlling all types of quantifiable risk. The core functions of ZRC within the risk-control process include:

- the ongoing identification, recognition, evaluation and monitoring of all quantifiable risks and their proactive control;
- the working-out of internal guidelines to ensure a uniform risk standard throughout the Bank;
- the conception and enhancement of models and methods for quantifying risk (e.g. rating methods);
- the implementation of risk-related supervisory requirements at Commerzbank (e.g. Basel II and MaRisk);
- internal and external risk reporting;
- performing an advisory function within the Bank on all risk-relevant issues and with regard to the conception of its risk strategy.

A central role here is played by the aggregation of all types of quantifiable risk to form an overall risk position, its integration into a calculation of the Bank's risk-taking capability and also the development of a risk/return-based overall Bank management as part of the economic-capital approach.

2) Risk management: the operative credit function

As required by MaRisk, it has been ensured that lending decisions are independent of the front office by systematically separating the market side from risk assessment/risk decision-making in every phase of the credit process and up to management board level.

- The operative credit function (back office) for corporate customers, sovereigns, institutions and banks worldwide, as well as for private customers abroad, has been concentrated at Global Credit Operations (ZCO).
- For retail business in Germany, the operative credit function is performed by Credit Operations Private Customers (ZCP).
- ZCO and ZCP monitor risk closely, an activity for which regional credit officers (RCO) are responsible, who report either to the CCO (head of ZCO) or to the head of ZCP.
- ZCO has global credit officers for industries (bulk risks), financial institutions (including non-bank financial institutions) and intensive treatment.
- It is planned to establish a separate global credit office for specialized finance (LBOs, ABS, CDO, special and project financing) in Frankfurt in 2006 to meet the steadily increasing demand for special expertise.
- Special expertise is bundled in centres of competence for renewable energies and global shipping. In 2006, two further centres will be set up for communal financing and the financing of small *Mittelstand* companies (loans of up to €750,000).
- Specialized intensive treatment know-how exists for handling problem loans, making it possible to deal with them intensively at an early stage. The principal goal is to improve the customer's ability to survive by adopting timely measures and to return the intensive-treatment loans, wherever possible, to better credit ratings.
- All customer mezzanine financing transactions are treated as credits at Commerzbank.

In addition to the functions of the back-office departments (ZCP, ZCO) which relate to individual customers, such as rating, loan approval, documentation and monitoring/early recognition, the targeted and proactive risk management of individual portfolios is becoming ever more important. Achieving a more dynamic portfolio and ensuring a high portfolio quality are increasingly developing into a core function in the forward-oriented steering of asset quality. Transactions to optimize the portfolio are closely coordinated between the front- and back-office teams, using modern trading-based instruments provided by Corporates & Markets (ZCM) or the capital market. For multinationals, hedging instruments are employed to a growing extent in order to obtain the best return on the capital invested.

3) Risk management: operative risk-steering of market units

Within the scope of their business activities, the individual divisions of the Bank bear immediate responsibility for risk and earnings. Unlike the centralized responsibilities of risk control (steering, planning, control), operative risk management is handled – with the exception of credit risk (back-office departments ZCO/ZCP) – by the Bank's respective front-office units.

4) Internal risk reporting

- The Risk Committee of the Supervisory Board, the Board of Managing Directors and the Risk Committee are regularly informed about all of the major risks and Commerzbank's overall risk situation in the form of structured risk reports.
- Events of major significance for the Bank's risk situation are reported to decision-makers on an *ad hoc* basis.
- The central information and steering instrument for the Board of Managing Directors and the Risk Committee of the Supervisory Board is the Quarterly Risk Report (QRR) produced by ZRC.
- This also presents the target/performance comparison with the formulated portfolio targets and limits. Countermeasures are adopted at short notice.

5) Compliance and security

For Commerzbank, it is especially important that its employees are people of integrity, who observe the relevant laws precisely because they have to deal every day with highly sensitive customer data and information. The crucial point, therefore, is to prevent conflicts of interest from arising and to make sure that market manipulation and insider trading do not occur. The declared goals of compliance are to protect customers and investors, but also employees and the Bank's reputation.

Supervisory and capital-market regulations as well as the Bank's internal rules are monitored centrally by Compliance and Security (ZCS) with the aid of a highly-developed monitoring system which covers both the Bank's proprietary trading and transactions on the part of employees.

6) Internal auditing

Internal Auditing works on behalf of the Board of Managing Directors, free from directives and external influence, as a unit independent of business processes. In reporting and in evaluating the results of its audits, Internal Auditing also operates free from directives.

The instrument employed by Internal Auditing is risk-oriented audit planning. It assesses the systems for risk management, control and also for general management and monitoring, thus helping to improve them.

In accordance with the Minimum requirements for the risk management of credit institutions (MaRisk), it audits all sections of Commerzbank. In addition to processes and systems, preventive individual audits are conducted and special audits are performed at less than annual intervals if the need arises.

7) Implementation of supervisory requirements: Basel II and MaRisk

Implementation of the supervisory requirements at Commerzbank is coordinated by ZRC project teams, in close cooperation with the banking departments and staff departments.

- Steering committees monitor the progress of the project.
- Commerzbank was selected by the German financial supervisory authority, BaFin, as a case study for the Basel II home-host monitoring process.

Further key aspects in the implementation of Basel II at Commerzbank last year were:

- the methodological refinement of internal rating methods in credit business;
- the collation of the necessary loss histories;
- the refinement of methods for estimating the main Basel parameters;
- the elaboration of methods for quantifying operational risk.

This fulfilled important requirements for the use of the IRB Advanced Approach and the Advanced Measurement Method (AMA), thereby creating the basis for a sophisticated risk-adjusted capital allocation. The procedure for examining ("certifying") the IRB approaches to credit risk were initiated by the German authorities early in 2005. Further steps to follow in the near future are:

- In close cooperation with the banking supervisory authority, the Bank expects the examination to begin sometime in 2006. Commerzbank submitted its application for certification of the IRB Advanced Approach in the third quarter of 2005.
- A similar regulatory certification process for operational risk (Advanced Measurement Approach) is being introduced in Germany at present.

As things stand today, the advanced Basel II approaches can be implemented and certified according to plan within the deadline that has been set – on the current planning of the supervisory authority: January 1, 2008.

Alongside the internal progress made with the project, the question of the ultimate calibration is decisive as regards the comparative advantages of the various approaches. The supervisory authority will make this calibration on the basis of the findings of QIS 5, which are to be presented in 2006. At the moment, the originally promised incentives to be generated by the advanced approaches have not yet emerged. It is also not compatible with a level playing field that the US supervisory authorities have extended the timetable for introducing Basel II. We are concerned that the Bank's large investments over the years in the implementation of the Advanced Approach of Basel II will not lead to a lower regulatory capital requirement. Depending upon the ultimate calibration, therefore, we reserve the right temporarily to select less advanced approaches leading to a better capital allocation as far as our shareholders are concerned.

On December 20, 2005, BaFin published the definitive version of the so-called **Minimum requirements for the risk management of credit institutions (MaRisk)**. The new requirements contained in MaRisk have to be implemented in general by January 1, 2007.

- MaRisk will represent the main qualitative requirements of the second pillar of Basel II and will form the basis for an integrated approach to risk.
- MaRisk formulates requirements for the organization of risk management which replace the minimum standards for credit business (MaK), trading activities (MaH) and internal auditing (MaIR), which have applied up to now.
- They will be complemented by further Basel II elements (e.g. interest-rate risk in the banking book and liquidity risk), for which no overall provisions have existed up to now in Germany. MaRisk, therefore, provides the organizational framework for the Basel II requirements regarding the supervisory process and the internal process for assessing capital adequacy (ICAAP), which has to be formally approved by banks before the Basel framework is introduced.
- MaRisk was already implemented to a large extent at Commerzbank in 2005.

On BaFin's instructions, the Bundesbank examined the trading activities of Commerzbank AG last year in Frankfurt and London pursuant to Art. 44, (1), German Banking Act – KWG. BaFin confirmed that, in the areas examined, Commerzbank is complying with MaH and that its internal system of control is appropriate with regard to the scope, complexity and risk attached to the trading activities conducted.

III. Risk-control/risk-management process

1) Credit risk

Credit-risk strategy

Building upon the overall Bank strategy, Commerzbank's credit-risk strategy establishes the framework for the medium-term management of the loan portfolio, based on an analysis of the business-policy situation and an assessment of the risks and returns related to lending. The credit-risk strategy provides the basis for the planned lending activities. The overriding goals are:

- identifying value drivers and reflecting them in the Bank's business policy, and also reducing value destroyers;
- supporting the goals of overall Bank management: maximizing the return on the equity tied up, taking into account Commerzbank's risk-taking capability, and defining the framework for optimizing the current portfolio;
- and selecting new and follow-up business from a risk/return perspective.

With the Bank's general risk appetite taken into consideration, the starting point for the credit-risk strategy is a critical analysis of the strengths and weaknesses of the current credit portfolio. Complemented by a forward-looking evaluation of the opportunities and risks in the target markets, this provides the framework for the definition of a risk/return-optimized target portfolio together with the related planning of measures. In the realization of the targeted risk/return profile, this "benchmark portfolio" forms the target and the basis of comparison for steering new business and for portfolio-management activities.

A major priority of the credit-risk strategy is the growth of business with *Mittelstand* companies (including major corporates) in Germany as well as in Central and Eastern Europe, and also with private and business customers in Germany. By contrast, the focus in limiting risk continues to fall on bulk risks and equity holdings. Insofar as individual industries and countries are considered critical, the operative management has been performed for years with the aid of the Bank's well-established traffic-lights system.

As part of a comprehensive controlling process, observance of the credit-risk strategy is subjected to constant independent monitoring by Risk Control. In connection with its quarterly risk report (QRR), ZRC decides whether the structure and development of the loan portfolio are compatible with its credit-risk strategy. On this basis, the Board of Managing Directors review significant deviations from the credit-risk strategy and any countermeasures to be adopted as a result. At its meetings, the Risk Committee of the Supervisory Board is regularly informed about the resolutions and assessments of the Board of Managing Directors on the basis of the QRR.

In order to ensure that the risk-strategy rules are implemented and to restrict concentrations of risk, the economic capital that is tied up is used as a measure of, and a risk cap for, sub-portfolios and concentration risks (business lines, sectors, products and regions). The traditional target/performance comparison is complemented by a regular review of the underlying assumptions – such as GNP growth and industry forecasts.

Rating procedures
Rating methods form an integral part of the risk-control/risk-management system and at the same time represent a core competence and competitive factor for our Bank. Apart from their function as a traditional instrument for judging creditworthiness, rating procedures provide the basis for working out margins which reflect risk and thus differentiate between degrees of risk. They are also the basis for calculating economic capital and for portfolio management. The high discriminatory power of our rating procedures leads to improved risk selection and consequently to lower capital requirements. The processing costs in lending business can be reduced significantly through the use of rating procedures in connection with a (partially) automated lending procedure.

The predominant feature of the year under review was the introduction of the Commerzbank Master Scale at the start of the year, the launch of the new and refined rating procedures for corporates and of the rating procedures for the banks, specialized finance and commercial real estate segments. The procedures were also revised for credit-card portfolios and for deciding on alternative payments packages for retail customers.

Rating and scoring procedures in retail business
In its retail lending, Commerzbank successfully employs application scoring procedures and rating methods for assessing the creditworthiness of both dependently employed borrowers and business customers. All of the methods used are computer-based and draw upon for the most part mathematical-statistical methods for the early recognition of risk and the assessment of the risk of default.

From January 2006 onwards, behavioural scoring is also being extended to business customers who are not obliged to prepare a balance sheet; it is being fully integrated into rating-based process management.

Rating procedures in corporate business
In the corporate-customer segment, three different models are applied, distinguished by the criteria size of turnover and region of origin of the company. The structural procedure for arriving at a rating is identical in each case: six sub-analyses are processed in a fixed order, yielding a probability of default for the corporate customer (so-called PD rating). The back-office unit is responsible for establishing the definitive PD rating.

Rating for specialized finance
Commerzbank subsumes cash-flow-based financings – such as LBO financing, project finance, structured trade finance – under the heading specialized finance (SF). For this segment, a simulation-based rating procedure was employed in 2005. With the aid of the new SF procedure, the expected loss of a transaction is worked out directly. For this purpose, the risk parameters probability of default, loss given default and the expected exposure at default are calculated for tranches representing the same level of risk and for each year of the respective tranche's lifetime. The SF rating procedure is expert-based and effectively examines the debt-servicing and restructuring capability of a transaction, using scenario analyses.

Rating procedures for banks
Commerzbank's procedure for rating banks is based on a mathematical-statistical model with expert-based extensions. Overall, the bank rating procedure breaks down into five different regionally-specific models. Alongside the developed-markets model, four different models exist for banks in emerging markets (Asia, Middle East and Africa, South America, Eastern Europe). Under this procedure, six sub-analyses have to be processed in a fixed order, yielding a probability of default for the bank in question.

Commitment rating
Apart from the PD rating, Commerzbank establishes for all rating-relevant segments a commitment rating, which takes into account such transaction-specific features as collateral, credit types, the lifetimes of loans and other qualitative criteria. In order to calculate the rating for a commitment, the expected loss (EL) is worked out as a percentage of the exposure at default (EAD). This presents the ratio of the expected loss to the overall exposure of a customer, taking into account

all the credit lines. Like the PD rating, the rating for the commitment is geared to the Master Scale recently introduced throughout the Bank. This makes the PD and the commitment rating directly compatible.

All credit commitments are assigned by the Bank to one of three areas in accordance with their commitment rating. The so-called white area comprises the unremarkable credits (R 1.0-3.2) and the so-called monitoring risks (R 3.4-4.4). The grey area covers all substandard risks (R 4.6-5.8), while in the black area all the problem loans are bundled (R 6.1-6.5). With the exception of small commitments, those in the grey and black areas are not only analysed and decided by the back-office unit but are also managed directly by risk managers from this department.

From a minimum credit level upwards, every Commerzbank business and corporate customer has the right to be informed by his relationship manager in a personal interview about his probability of default. Written statements and more detailed analyses (Rating Coach, for instance) are made available at an appropriate fee.

Assessing creditworthiness in international business: country rating

The assessment of country risk draws upon an internal rating model reflecting a country's economic performance and political stability. The country rating evaluates the ability and readiness of a country to pay in foreign currency. The rating figures serve to assess the transfer risk (risk of the state restricting cross-border payment flows), the sovereign risk (creditworthiness of the state as a borrower) and the systemic risk.

Credit-approval powers

The management of credit risk at Commerzbank is based on a structure of rating-related credit-approval powers and the principle of committee decision-making. On all committees, the front office and the back office are equally represented, with the operative credit side also taking the chair; it cannot be outvoted on risk-related issues. The central body in such matters is the Credit Committee, which is chaired by the CRO. Drawing upon predefined entry levels, this committee is responsible for all of Commerzbank's major and large lending decisions (based on Bank-wide limits for borrowers) or for passing the matter on for the Board of Managing Directors to decide. Smaller commitments may be approved by two loan officers; in the so-called "non-relevant" area pursuant to MaRisk, we make use of the possibility to delegate credit-approval powers to a single officer.

Credit decisions for individual borrowers or groups of borrowers are made on the basis of either the aggregated exposure that has been applied for, pursuant to Art. 19, (2), German Banking Act – KWG (borrower unit), or a larger economically defined risk entity. In 2006, a project for improving the efficiency of corporate loan processing and decisions (end-to-end credit, "etec") will be implemented.

We see even more efficient credit processing as a way of increasing value in order to provide our customers with credit at favourable prices – particularly since risk-adjusted pricing will lead to greater risk-oriented differences in terms and conditions. Wherever possible, we are going over to bundling standardized credit procedures and moving them to the front-office side. The remaining operational risks can be well monitored via key performance indicators at such credit-processing units. By contrast, for complex and individual credit decisions, a major component of the individual default risk is to be found in the loan documentation – liability and duty to supply information, security arrangements, covenants, etc. – together with the establishment and monitoring of the disbursement and repayment conditions as well as the possible courses of action in the event of default. For this reason, we set great store by the credits being processed by back-office personnel.

Modelling and quantifying credit risk

All credit risks are aggregated at the portfolio level with the aid of the internal credit-risk model. By providing key figures, this model is one of the bases for risk monitoring, portfolio management and the credit-risk strategy. Within the context of an overall Bank management geared to the use of economic capital, it also makes a major contribution towards steering business.

The main result produced by the portfolio model is a loss distribution, permitting probability statements on possible losses arising from credit business. From this function both the expected loss (EL) and the unexpected loss (UL) are derived.

The expected loss (EL) is the product of the expected exposure at default (EAD), the probability of default (PD) and the percentage loss given default (LGD):

$$EL = PD \times EaD \times LGD$$

The expected loss plays a central role both in risk-based pricing and – especially with regard to Basel II – as a benchmark for forming provisions.

Credit value-at-risk (Credit VaR) serves as the measure for unexpected loss; for a given confidence level, it represents an estimate of the maximum amount by which losses could exceed the expected loss. For the portfolio, the Credit VaR is calculated using a time frame of one year and a confidence level of 99.95%; at the same time, it represents the credit-risk portion of the Bank's economic capital.

The portfolio and diversification effects which occur are redistributed in the credit-risk model down to the individual client level in risk-adjusted form. In this way, the relative share of individual units in the overall credit risk can be determined at various aggregation levels.

In the traditional *Mittelstand* segment (Corporate Banking), where the Bank's main credit risks arise, and in the Retail Banking segment, the ratio of unexpected to expected loss is roughly 9:2. In the Corporates & Markets section, however, where the structure of customers' creditworthiness is generally good and bulk risks with their own specific volatility represent the main loss potential, the ratio is roughly 8:1 – in other words, the risk is significantly determined by the unexpected loss.

A variety of risk factors and parameters are included in the credit-risk model. In addition to estimates of the exposure to be expected in the case of default and the conservative recognition of collateral, guarantees and netting agreements, these also take into account such statistical quantities as default rates, recovery rates und sectoral correlations. As part of the ongoing modification of the model, the input parameters for calculating risk were altered in 2005. In particular, further results produced by the statistical methods for estimating collateral and recovery factors were integrated into the model.

The credit-risk model plays a key role both in portfolio and business-line analysis and also for risk/return-based overall Bank management. In connection with the value-based steering of corporate business, standard risk costs and the economic capital costs are used in working out an economic contribution margin. Through risk-adjusted pricing, the Bank is increasingly creating steering impulses on the loan origination side by making the risk/return ratio central to lending in the acquisition of new and follow-up business as well. In this way, it is ensured that the portfolio targets defined by the Bank as part of its credit-risk strategy are considered even when the loan is being made available.

Monitoring of credit portfolio

The goal and measure in the targeted monitoring of credit risk is the risk/return-based target portfolio defined as part of the credit-risk strategy, with the relevant sub-portfolios formed on the basis of target groups and markets.

Concentrations of risk in clusters, countries, target groups and products are restricted by means of a traffic-lights system.

New business (origination) is steered by means of selective instructions with regard to lending, which in themselves lay the basis for ZCP and ZCO to practice active portfolio management. One key feature in this respect is the creation of more dynamic parts of portfolios through recourse to credit derivatives, securitization and asset trading. Apart from secondary-market transactions involving written-down claims (single names), a portfolio of called-in non-performing loans (NPLs) was disposed of in the year under review.

The steering impulses for bulk risks and also for products and target groups take into consideration those features that are specific to a segment. As a central element of risk management, the **monitoring of bulk risks** is based on the economic capital approach. In order to reflect the risk structure characteristic of the Bank's commitments, the main factors in working out economic capital are volume, maturity and an analysis of creditworthiness, which takes into account among other things sectoral and country-specific factors. The appetite for each current bulk risk is indicated by means of a traffic-light colour.

Bulk risks are defined as borrower units accounting for at least €5m of economic capital; a graduated process is used to monitor them. Borrower units accounting for more than €20m of economic capital are not wanted in a long-term perspective and are systematically reduced, also with recourse to modern capital-market instruments such as CDS. For problem commitments (6.1-6.5 rating), all credits over €50m count as bulk risks.

The essential core of **country-risk monitoring** is a well-established limits/traffic-lights system pointing the direction for future business activities and lending. The degree to which the internally established and regularly adjusted country limits have been exhausted determines the colour of the traffic lights, which steers sales efforts, using resources economically, and indicates where the Bank seeks new business and where its commitment is deemed to be large enough.

Country-risk monitoring entails all the decisions, measures and processes which – drawing upon the information provided by risk quantification – are intended to influence portfolio structure in order to attain management goals.

Under the traffic-lights system, groups of countries with a certain rating and minimum exposure are covered. For risk optimization purposes, the Bank has extended its controlling for a number of countries to so-called total exposure. This takes account not only of the net country exposure but also of the claims in a non-risk country on the foreign outlets and subsidiaries of a parent company based in a risk country. Monthly country-risk reporting ensures that in the case of unexpected portfolio developments countermeasures can be taken promptly. Country-risk reports appear at periodic intervals, describing the development of individual country exposures and the breakdown by rating category and region. In this way, the Bank achieves both risk-based control and geographical diversification in its exposure abroad. In 2006, the credit-risk model will be adopted for country monitoring, as it is in the monitoring of individual bulk risks.

Like country-risk monitoring, **sectoral monitoring** also operates with a system of limits and traffic lights. The colours for the various sectors are worked out using both internal and external key sector data, taking into account the historical performance of the sector in question, the quality of the current loan portfolio and a sector overview.

Monitoring credit risk for trading activities

The management of credit risk resulting from trading activities is based on MaRisk. It takes account not only of counterparty and issuer risk but also of all the settlement risks resulting from trading activities. Primarily, a forward-looking presentation based on dynamic add-ons and simulation methods is used to quantify the risk for trading activities. Here, the risk-mitigating effects of netting agreements are taken into consideration, as is the effect of collateral agreements.

A system of limits is used to monitor whether daily utilization remains within the set framework. The system of limits directly intervenes in trading systems and ensures that credit exposure arising from trading activities is monitored right around the clock. The trading units establish whether free trading lines are available by means of a so-called pre-deal limit check and may only conclude new deals to the extent that limits are free. Limit breaches are reported daily to the management. In addition, the management is informed monthly about the largest off-balance-sheet transactions. Risk reporting, which also includes regular portfolio reports devoted to certain groups of counterparties, is complemented by an evaluation of limits and exposures by type of business, maturity, counterparty category and class of risk. A graduated procedure ensures that overdrafts are brought back within set limits.

Development of risk and risk provisioning

Good performance in 2005 was mainly attributable to large-scale reversals of provisions for bulk risks in particular both in Germany and elsewhere. At the same time, provisioning in German corporate business, where the focus is on *Mittelstand* firms, has eased considerably. Net provisioning in retail business stayed at a high level as the market environment remained difficult.

We see considerable potential negative factors on the retail side as the environment remains difficult (rising consumer insolvency figures, persistently high unemployment). Against this background, we expect no scope in 2006 for reducing provisioning in this segment; on the contrary, we believe it may tend to increase.

Reflecting a change in the credit culture, Commerzbank's main focus is not on minimizing provisioning. On the contrary, pursuing an opportunity-oriented approach, we want to assume selective risks provided that the returns are adequate. For small and medium-sized enterprises, for instance, we intend to gradually increase our risk appetite over the next few years, accepting higher provisioning in this sub-segment provided that this makes economic sense. The same holds true for consumer and credit-card business. Changes in the absolute level of the provisioning ratio cannot, therefore, be used as a basis for judging the success and quality of risk management. This is only possible if changes in net interest income from lending are also taken into consideration. International comparison reveals that apparently those banks are very successful which are able to increase their risk appetite in the sub-investment-grade area thanks to efficient steering systems and systematically implemented risk-adjusted pricing.

All identifiable credit risks are taken account of by forming the appropriate provisions. Doubtful credit exposures are kept in a special IT system, making it possible to process individual transactions effectively and to monitor risks. Under the Commerzbank Master Scale, problem loans in corporate business are assigned to five different default classes, differentiated by the reason for default. This ensures that the specific risk situation of individual cases is optimally recognized, which in turn finds expression in the amount of provisioning needed. In addition, an assessment of the individual borrower's future ability to pay will be used in calculating the amount of provisioning that is required.

In corporate business in particular, considerable excess cover exists for non-performing loans in the form of the provisions formed and the collateral furnished. However, this excess cover is not a "luxury" but rather it is necessary – depending on the volume of performing problem loans (so-called reporting accounts) – to cover the existing acute risks.

For latent risks in the white and grey areas, portfolio provisions are formed, representing coverage for the acute credit risks that exist there but which have not yet become transparent. Portfolio-based parameters (loss identification period, "LIP factor") are used to represent the time-lag here.

For concrete creditworthiness risks – which are indicated by the rating – provision is made, applying uniform standards, by means of specific valuation allowances on the scale of the potential loss ("loss-free valuation"); here we base our calculations on an updated conservative valuation of the furnished collateral. The amount of provisioning required for problem loans is gauged by the unsecured part of the exposure. In international credit business, the economic and political situation of the country is also reflected in the overall assessment of a borrower. For loans to countries with an enhanced country risk (transfer or event risk), provisions are formed, if necessary, on the unsecured exposure, reflecting the relevant internal country rating, in the form of provision for country or individual risks, with priority always given to the latter type.

The steady decline in the provisioning trend over several years is attributable, for one thing, to such external factors as bulk and country risks and, for another, to better risk management as a result of improvements to the system in connection with Basel II, the creation and implementation of the credit-risk strategy and more early recognition.

The adequacy of the Bank's risk provisioning is regularly monitored at the portfolio level. The expected need for provisions throughout the entire financial year is worked out each spring and autumn on the basis of careful bottom-up estimates. The early recognition of risk is complemented by two top-down estimates, whereby a gradual improvement in the early recognition of all portfolio risks has been achieved over the past few years.

Risk monitoring is complemented by the careful monitoring of the largest sub-standard and problem loans in terms of the overall volume of risk, the development of ratings and other relevant risk parameters. This creates a great sensitivity towards risk in all portfolios and at all levels of decision-making. Usually, claims are removed from the books and residual amounts are written off or reversed only after the conclusion of insolvency proceedings, after they have been disposed of, or after an accord has been reached with the borrower, or debts are waived at the expense of existing provisions. Experience has shown that, as a result, the level of problem loans – which includes non-performing loans and endangered performing loans – is higher than at institutions which follow a policy of making early write-downs due to their accounting rules. Our experience indicates that, seen overall, a work-out policy of great staying power leads to more favourable provisioning charges.

Credit portfolio analysis

Central and regional credit risk management at Commerzbank relies heavily upon an intranet-based management information system (CoMKIS), a reporting and analytical tool forming an integral part of credit-risk control. CoMKIS makes it possible to present the main steering parameters and important risk figures; it can also be used to perform individual evaluations, such as rating- or sector-based portfolio analyses. In this way, analyses of weak points may be made on the basis of various search criteria for the purpose of credit-risk strategy, and early-recognition indicators can be defined and evaluated.

At the start of 2005, several new rating methods for corporate business were introduced together with the Commerzbank Master Scale, which have led to a distinct improvement in discriminatory power. Gradually, this is affecting the rating structures in both commercial and investment banking. Selective measures in risk management as well as healthier economic conditions are producing a further improvement in rating structure.

The rating structure in Investment Banking with a large proportion in rating groups 1 and 2 reflects the focus on counterparty risks of investment-grade quality.

Use of credit derivatives

For Commerzbank, the use of credit derivatives represents a central instrument for transferring credit risk. The Bank is successful in proprietary trading as a market maker for credit default swaps and also offers its customers structured, derivative credit products. Commerzbank draws upon the expertise gained in proprietary trading to make selective use of the instruments as a credit surrogate in its banking book, thus enabling it to tap extra potential revenue in the form of risk/return-optimized earnings. In addition, the instruments are employed on the basis of publicly available information as hedging vehicles in the systematic reduction of risk. Here, Commerzbank uses credit derivatives to manage risk selectively as well and to diversify the portfolio in line with its credit-risk strategy.

Credit hedges are mainly bought from investment-grade counterparties. Similarly, the reference assets are primarily to be found in the investment-grade bracket. The development of counterparty risk and long/short positions is steered by means of the system of limits and the established credit limits. Open long positions may be taken up in the trading book within the approved issuer limits.

With hedge funds, we assume counterparty risk virtually only on a secured basis (collateral agreements) and ensure that our confirmations are themselves promptly confirmed.

Securitization transactions

Commerzbank arranges and places ABS/MBS transactions for clients in Germany and other European countries. Issuing activity was concentrated on true-sale securitizations last year. The underlying securities are primarily commercial mortgages, corporate loans and trade bills. Borrower's note loans and mezzanine portfolios are actively sold in Germany to *Mittelstand* clients with the aim of placing them in the capital market.

In order to achieve broader diversification of its portfolio and to tap extra earnings potential, Commerzbank is active to a reasonable extent as an investor – as defined by the new Basel Capital Accord (Basel II) – in tranches of other securitization transactions. The Bank also uses securitizations as an originator in accordance with the Basel II definition for freeing up regulatory capital and for selectively selling and covering credit risk.

In order to promote the true-sale market in Germany and to improve the overall framework for such transactions, Commerzbank has joined the True Sale Initiative (TSI), cooperating with Kreditanstalt für Wiederaufbau and other banks.

2) Market risk

Organization and strategy

- The active management of market risk is entrusted to the various business lines, which within the scope of set limits and trading competencies expose themselves to market risk for the purpose of generating revenue.
- The central management of risk is performed by specialized market-risk control units within ZRC that are independent of trading activities.
- The Risk Committee deals exclusively with topics relating to market risk on a monthly basis. Detailed reports are presented at these meetings on the development of risk in the trading and banking books, complemented by scenario analyses of specific movements in interest-rate, equity, currency and credit markets.
- Market risk is managed by means of a sophisticated system of limits, combined with reliable and optimized methods for measuring and monitoring risk. The methodological competence, including the provision of the required market data and reporting, lies with ZRC.
- ZRC in consultation with the various business lines and the Board of Managing Directors establishes the limits in a top-down and bottom-up planning process, taking into account the Bank's risk-taking capability.
- Commerzbank uses economic capital and business expectations in establishing its market-risk limits, creating a risk/return-based steering of market risk.

The extent to which the limits are used, together with the relevant P&L figures, is reported daily to the Board of Managing Directors and the various heads of business lines.

- We ensure high liquidity for our market-risk positions and subject portfolios comprising less liquid products to particularly close observation.

Methodology

The calculation of market risk is based on the value-at-risk method. In line with the supervisory requirements, ZRC's monitoring of market risk by covers the following categories:

- The general market risk: calculated by means of historical simulation.
- The specific market risk: worked out using the variance-covariance method.
- The interest-rate risk: calculated as part of the market-risk model on the basis of sensitivities related to certain maturities and extensive stress tests.
- The market liquidity risk: for quantifying such risk, closing-out strategies for specific portfolios are defined.

At the Parent Bank and its foreign branches, an internal model is used in order to calculate the capital requirements for the general and specific market risk.

Through the employment of backtesting methods, the internal model's reliability is regularly checked. Apart from meeting supervisory requirements, the aim is to assess and steadily improve forecasting quality. The total number of significant deviations provides the basis for the evaluation of the internal risk model by the supervisory authorities.

Stress test and scenario analysis

While the value-at-risk approach provides a forecast for possible losses under "normal" market conditions, it cannot predict contingent losses under extreme conditions. For this reason, the VaR approach is complemented by the calculation of stress tests in order to take account of possible extreme market movements. Stress tests are intended to simulate the impact of crises, extreme market conditions and major changes in correlations and volatilities.

- As part of daily reporting, stress tests are applied in a system of "overnight" stress limits, which are adapted to accommodate the risk factors of individual portfolios in each business line.
- Stress tests performed across portfolios simulate the impact of historical and conceivable future crisis scenarios on the Bank.
- The impact of an interest-rate shock on the economic value of the banking books is simulated every quarter.
- The overall picture is rounded off by monthly scenario analyses for each investment category (e.g. hypothetical interest-rate, equity, foreign-exchange and credit-spread scenarios).

Development in 2005 financial year

For Commerzbank, 2005 was another year in which market risk was systematically reduced even further in various sections. In Investment Banking, this was achieved through the continuing concentration on customer-related business and the accordingly narrower scope for proprietary trading. Further reductions were realized by systematically paring down the Bank's portfolio of equity holdings.

At the same time, risk control itself had to adjust considerably to the market environment and to changes in customers' preferences. In response to greater demand for hedge funds and banking products related to hedge funds, for instance, and to Commerzbank's increasing activities in this area, the relevant approval powers were introduced and suitable internal guidelines were implemented.

The Bank's own investments in this area are systematically counted against the available market-risk limits and in future they will also be subject to special volume limits for hedge-fund investments, hedge-fund-specific stress tests, diversification criteria for target investments and a strict due diligence for hedge-fund partners.

In refining its methods of calculating risk, the Bank devoted special attention to the market liquidity of its trading positions in the past financial year. Over and above the supervisory requirements, it introduced a market-liquidity VaR on the basis of hedging strategies for market risk which are used for specific portfolios.

3) Liquidity risk

Organization and strategy

At Commerzbank, liquidity risk is used as a synonym for the cash liquidity risk and describes the risk of possible payment gaps in terms of the Bank's solvency. Ensuring that Commerzbank is solvent at all times, including in crisis situations, is the duty of the staff department Group Treasury (ZGT). Measurement and monitoring, however, are performed by the staff department Accounting and Taxes (ZBS) and ZRC.

In accordance with the current supervisory requirements (Principle II), an institution's liquidity is deemed to be guaranteed if the weighted liquid assets available to it within 30 days cover the weighted payment obligations callable during this period. This figure is calculated and reported by ZBS. All the same, in practice, a liquidity risk also exists over an institution's full maturity spectrum and for its off-balance-sheet items. For this reason, and to meet elementary requirements of Basel II, Commerzbank has introduced supplementary liquidity ratios.

Since the year under review, liquidity risk is additionally controlled by means of a differentiated system of limits on the basis of the computed available net liquidity. The use made of such limits is worked out both for a base scenario reflecting current market conditions and for stress scenarios influenced by either market or behavioural factors; it is monitored at the relevant steering and limit levels. The current use of limits is calculated weekly and made available for further processing on special pages of Commerzbank's intranet. All limit overruns are reported are reported to both ZGT and the Risk Committee.

Liquidity ratios

The available net liquidity (ANL) approach is used for controlling purposes. Crucial to applying the ANL approach is the calculation of so-called legal and economic cash flows, for both balance-sheet and off-balance-sheet items. Legal cash flows cover the flows of payments expected under contractual agreements, whereas economic cash flows also include the effects of customers' behaviour. For possible liquidity gaps in the future, offset assets are worked out (balance sheet liquidity), which are the result of borrowing against liquid assets and/or disposing of such assets.

All three ratios are worked out both under current market conditions and under various stress scenarios influenced by either market or behavioural factors. Limits are established for both the base case and the stress case. Commerzbank also aims to ensure that it always has a supply of liquidity in times of greater stress, while preserving the flexibility of the individual market units.

Liquidity management

The future funding need is calculated on the basis of the ANL figures, projected into the future, complemented by the expected liquidity effects resulting from business-policy decisions. The aim is to manage liquidity efficiently and to cover the Bank against liquidity bottlenecks, taking into account the recommendations of Basel II. For this purpose, the Bank practises the stable funding concept, whereby long-term lending is largely funded at long term. In order to react promptly to any gaps that are identified between Commerzbank's assets and its funding side, the structure of the balance sheet is constantly analysed. In addition, ZGT maintains liquidity portfolios in the leading currency centres.

4) Equity holding risk

Equity holding risk is controlled by ZRC, whereas the management of such risks is handled by two different units of the Bank. Private equity business is managed by ZCM and monitored by the operative credit unit ZCO. Strategy and Controlling (ZKE), performing the independent back-office function, is responsible for all the strategic and other equity holdings.

Before new equity holdings are acquired, the potential risks are analysed by means of due diligence measures, while already existing equity investments are controlled on the basis of regular reports from the enterprises in question. At the same time, the market risk stemming from the Bank's listed equity investments is monitored daily – like the calculation of trading positions – by ZRC and reported, together with the risk from non-listed investments, to the Board of Managing Directors.

5) Operational risk

Organization and strategy

Commerzbank's management of operational risk is built upon the recommendations of the Basel II specialist committee OpRisk, which were worked out in the year under review with the Bundesbank and BaFin. Work focused on steadily expanding the operational risk management framework and preparing for supervisory approval of the Advanced Measurement

Approach (AMA) pursuant to Basel II. The various organizational units as well as independent Risk Control draw upon the same methods and systems for identifying, evaluating, analysing, reporting and managing operational risk.

The Operational Risk Committee and the Risk Committee are regularly informed about the risk situation. In addition, the Global OpRisk Forum serves to help Risk Control and the operational risk managers prepare the ground for decisions and discuss ongoing developments, projects and events; it also serves the general exchange of views at work level.

Operational risk methods

On the basis of the requirements which were made more concrete last year, the Bank continued to prepare the ground for working out the capital needed to cover operational risk under the Basel II Advanced Measurement Approach (AMA). Above all, this makes it necessary to carry out cross-process quality self-assessment. With the aid of this method, the quality of work processes, internal controls and the business environment are systematically evaluated locally and analysed centrally on the basis of end-to-end processes. The findings are used to identify potential weak spots and represent a major qualitative component in the AMA model.

The collection of loss data exceeding €5,000 – in line with Basel II – continued in the year under review and was extended to include information relevant from the insurance standpoint. In this way, the management of operational risk and insurance have been more strongly integrated, creating the conditions for insurance to be included in the calculation of the Bank's capital. The internal loss data collected since 2002 thus more than meet the Basel II requirement of a minimum collection of three years for the first-time application of the AMA approach for calculating equity as from 2008.

For modelling the fat tail of the loss distribution – i.e. the financial risk of rare major loss events – external loss data from Operational Riskdata eXchange Association, Zurich (ORX) are used in addition to the internal loss data. The data syndicate, which the Bank helped to found, now consists of 22 international banks. These data also enable the Bank to compare its own risk profile with that of other international banks, which provides important impulses for managing operational risk.

In addition to the anonymous external data from ORX, the Bank continued to evaluate public external data last year. These are particularly useful for developing suitable scenario analyses. Scenario analysis has already been launched at Commerzbank and provides support for those responsible for assessing their local operational risk.

Last year, the Bank's organizational units began to collect key risk indicators (KRI) permitting statements about potential risks of loss. In addition, Commerzbank continues to participate in an initiative of international banks to establish a uniform system for ordering and collecting these indicators. Our KRIs in the credit derivatives area, for instance, show that the Bank can confirm business in this market segment far more quickly than the benchmark of the International Swaps and Derivatives Association (ISDA).

In the reconciliation area, the Bank has substantially optimized processes and monitors any breaks which occur promptly by means of a revamped management information system (MIS). Here the breaks (EL/UL) are measured, which facilitates the escalation process, making adequate provisioning possible. Compared with the average ISDA data of large international banks, Commerzbank has far fewer breaks and open confirmations relative to its transaction volume, which we see as evidence of our efficient settlement procedures.

The stability, quality and information value of the mathematical-statistical model were improved further in the year under review and its depth was increased. Explicit inclusion of the correlations between the Bank's various business units produces diversification effects which give rise to a figure about €300m lower than the previous year's (in either case, before insurances). Regular benchmarking and exchanges with leading banks ensure that the model can be used for international comparisons.

Parallel to this, the Bank's future capital requirements are still calculated according to the standardized approach of Basel II. The partial use of AMA and the standardized approach is also possible for individual units of the Bank.

Legal risk

The worldwide management of legal risk at Commerzbank is entrusted to Legal Services (ZRA). The central function of ZRA is to recognize potential losses arising from legal risk at an early stage and to devise solutions for reducing, restricting or avoiding such risks. In this connection, ZRA produces guidelines and standard contracts which are implemented in close cooperation with business lines and branches.

ZRA also manages the provisions which are formed for Commerzbank's legal proceedings and ensures that they are included in the calculation of operational risk. The major legal proceedings against Commerzbank are reported at regular intervals to the Operational Risk Committee, the Risk Committee, the Board of Managing Directors and the Supervisory Board in the form of individual analyses. Worldwide, a growing readiness can be noted in the financial sector to press customers' claims through legal action. This is also being encouraged by the ever more complex regulation of the financial markets, with the constant additions to banks' catalogue of duties.

Business contingency and continuity planning

In order to ensure that banking activities are maintained and to reduce losses arising from serious interruptions of its operations to a minimum, the Bank has business contingency plans in written form. In a central business contingency policy, the responsibilities of the different head-office departments and individual units are described.

By means of regular business contingency self-assessments, the Bank creates for itself a standardized overview of the emergency measures for which the units assume responsibility. These assessments were performed in all the main relevant units last year. In addition, numerous emergency tests are conducted in which the failure of individual locations or systems is simulated.

6) Business risk

In line with their immediate responsibility for risk and earnings, the Bank's individual divisions also take charge of the operational management of business risks which occur in their area of activity. As part of overall Bank management, business risk is also included in the calculation of economic capital.

Business risk is worked out using an earnings/cost-volatility model, which calculates historical monthly deviations of actual fee income and general non-period costs from the planned result. As with the procedure applied for other types of risk, the calculation is based on a confidence level of 99.95% and a one-year time frame.

7) Non-quantifiable risks

Pillar II of the new Basel framework and MaRisk call for an integrated approach to risk and consequently require that other non-quantifiable categories of risk be considered, such as reputational risk. As it is not possible to model these risks, they are subject to qualitative controlling.

Strategic risk

Responsibility for the strategic steering of Commerzbank lies with the Board of Managing Directors, with support in the case of strategic issues provided by ZKE. Some business-policy decisions – e.g. the acquisition of equity holdings exceeding 1% of the Bank's equity – also require the approval of the Risk Committee of the Supervisory Board. Constant observation of German and international competitors leads to an analysis of the major changes and developments, with conclusions derived for the Bank's strategic positioning and the appropriate measures introduced for ensuring competitiveness. In accordance with MaRisk, the Bank has to document both a business strategy and an overall risk strategy compatible with it.

Reputational risk

Reputational risk may lead to groups which Commerzbank addresses – above all the public, its employees and rating agencies, investors and business associates – losing confidence in the Bank or to its reputation being impaired. For the most part, reputational risk stems from other types of risk, which it reinforces. Against this background, all business-policy measures and activities are subjected to careful scrutiny. In particular, Commerzbank avoids business-policy measures and transactions which entail extreme tax or legal risks and also environmental risks.

In their business activities, the operational divisions, branches and subsidiaries bear immediate responsibility for reputational risk arising from their particular business activity. In retail business, for example, the focus is on providing risk-sensitive advice appropriate to the customer's investment approach. Competent advice reflecting customers' needs and intensive information ensure that customers suffer no harm, consequently preventing reputational risk. The satisfaction of Commerzbank customers is regularly measured by the relevant market research institutes. The Bank's professional complaints management is an additional instrument through which customers can establish contact. In corporate business and in export finance, environmental risks are increasingly taken into consideration – wherever necessary, when loan applications are being examined.

In the course of its corporate governance, Commerzbank ensures that it remains within the framework of its articles of association and published business-policy principles. The staff department Compliance and Security (ZCS), which reports directly to the CFO, monitors compliance with all German and foreign regulations and supervisory requirements in connection with securities transactions. The following topics also play an important role in protecting the Bank's reputation: investor protection, reducing the potential for insider trading and the general avoidance of conflicts of interest or – wherever necessary – managing such conflicts with the goal of resolving them.

Contact with the financial community (investors and analysts), the media and the general public is managed by the staff department Corporate Communications (ZKV), which reports directly to the Chairman of the Board of Managing Directors. A communication guideline for the entire Bank lays down binding rules in this respect. On the basis of media observation and market research as well as stakeholder surveys and dialogue with various groups, topics relevant for the Bank's reputation are constantly identified, evaluated and actively dealt with, if necessary.

In 2005, a first milestone was reached with the Bank's publication of its corporate responsibility report.

In the course of 2006, a newly installed team will coordinate reputation management.

Compliance risk

Very strict legal provisions apply in the financial sector as regards compliance. Commerzbank has established additional rules which are intended to ensure that the conduct of its employees is always correct even in difficult situations and is in line with current legislation. The Bank's compliance manual should be mentioned here, as well as staff guidelines of the Federal Banking Supervisory Office and the Federal Supervisory Office for Securities Trading (now German Financial Supervisory Authority – BaFin), which have been integrated through employment contracts or internal Bank agreements, and job instructions published on the Bank's intranet, providing staff with concrete guidelines for implementing the respective legislation. At Commerzbank, the staff department Compliance and Security sets up and monitors observance of such rules.

Compliance not only advises and informs the various business lines and the Bank's employees on general issues relevant to compliance, supporting colleagues in critical cases of day-to-day business as well; in conjunction with the respective specialist departments, it also ensures that statutory or supervisory requirements relating to compliance are implemented. In this connection, the German legislation to improve investor protection (AnSVG) should be mentioned, which became effective on October 31, 2004. Further legislative or supervisory measures have been enacted by the supervisory authority in order to make AnSVG more concrete.

When these statutory and supervisory requirements were implemented, the areas of the Bank affected as well as the Board of Managing Directors and Supervisory Board were informed, detailed information was published on the intranet and a procedure was implemented by Compliance for reporting suspected offences. Compliance monitors staff who are potentially capable of insider trading in the form of a watch list.

Since the attack on the World Trade Center in New York, the legal and supervisory requirements in connection with money laundering and the financing of terrorism have steadily increased, as has the public's interest in this topic. The third EU money-laundering directive, which is now being incorporated into German law, will lead to further requirements as regards the preventive measures of the financial sector.

In order to counter the specific risk that its business activities will be misused by third parties for the purpose of money-laundering or funding terrorism, the Bank is conducting an analysis of the threat posed by the existing relevant risks. The findings of this analysis will be taken into account as part of the constant adjustment and improvement of the Bank's preventive measures. They will be integrated through the implementation of specific risk-mitigating measures, either when new customers are accepted, or when their transactions are monitored, but also in training staff and making them sensitive to the dangers. All the experience gained through this selective analysis and its continual monitoring will be used in adjusting the system of risk management.

The Bank's employees are obliged to report out-of-the-ordinary transactions giving rise to suspicions of money laundering or the funding of terrorist activities to Compliance/Financial Investigations, so that the transaction can be subjected to individual scrutiny.

IV. Summary and outlook

Summary

In the 2005 financial year, Commerzbank further extended its risk-control and risk-management system. In many areas, significant progress was achieved, which will make a major contribution in the future as well towards improving overall Bank management.

In this connection, the stronger integration of the internal economic capital approach into more individual and overall Bank management processes represents a considerable contribution towards realizing potential value at Commerzbank.

At all times, it was ensured that the available risk capital was well above the defined capital buffer.

All the parties involved showed great commitment in maintaining the current projects for implementing the new supervisory requirements (Basel II, MaRisk) in 2005. The Bank took a major step forward in this respect, leading not only to optimized capital allocation in accordance with Basel II but also to a distinct improvement in risk-sensitive steering.

Outlook

The supervisory authority is expected to start examining Commerzbank's application for certification of the Basel II IRB Advanced Approach in 2006. As things stand today, the advanced Basel II approaches can definitely be implemented and tested within the set period – which, according to the supervisory authority's present planning, means by December 31, 2007.

Thanks to the continuing progress made in collating, evaluating and modelling operational risk, the stability and information value of Basel II's ambitious AMA approach were further enhanced in the year under review.

Overhaul of credit-risk strategy

The Bank's credit-risk strategy was subjected to its annual review in 2005. Based on the stock-taking conducted jointly by Risk Control and the front- and back-office units, the strategic direction was established for lending and measures were planned for the 2006-2008 period. This year, a comprehensive overall risk strategy for 2007-2009 will be worked out. The forward-looking orientation of the loan portfolio in keeping with the credit-risk strategy is being systematically maintained. Clear incentives are being created here for expanding overall lending to SMEs according to plan, but also for reducing and limiting risk-carrying subportfolios. The focus in risk mitigation is on bulk risks.

Intensive treatment and development of provisioning

In the intensive treatment area, the Bank is prepared to act as lead manager; its staff in this segment are developing quite consciously into risk managers, concentrating on preserving the company in question and its jobs and acting, therefore, in their clients' interest.

Through the expansion of portfolio-management activities and the early adoption of risk-mitigating measures, it proved possible to lower provisioning considerably again last year, with the selective reduction of latent bulk risks and problem loans making an important contribution here. For 2006, Commerzbank has set itself the goal of further optimizing its risk/return-based provisioning. For bulk and country risks, the optimum level has been achieved, with no net charges registered in 2005; realistically, though, we must expect setbacks here at some time. In the meantime, we have achieved a positive level on the whole in German *Mittelstand* business, which is why we do not see a further reduction of overall net provision for possible loan losses at Commerzbank as the most realistic case in 2006. Under normal circumstances, we would be able at best to hold the level now achieved; however, we expect additional charges on the retail side.

Boosting efficiency in credit processing

Starting in 2006, the results of a worldwide project to further boost productivity in the overall lending process ("etec" – end-to-end credit) will substantially help to raise efficiency, thereby improving our market presence for the targeted *Mittelstand* clients in particular. Over the medium term, we see not only a chance of making credit processing far more efficient, but also an opportunity for much improved risk selection. Since market conditions in the Private and Business Customers segment continue to be difficult, we intend to place special emphasis in future on the risk-based steering of business in selectively expanding our share of the mass retail market. As we can expect our retail portfolio to tie up far less equity with the implementation of Basel II, however, we want to explore all the scope for growth that is reasonable from a risk/return aspect.

Key milestones were reached for rating and scoring in the year under review. The introduction of rating methods with demonstrably great discriminatory power is a major contribution to value creation at Commerzbank. Together with the certification of rating methods, the migration of further methods to a uniform web-based platform and also the support provided for business lines in the form of follow-up releases will represent significant steps in 2006.

Enhancing overall Bank management

In overall Bank management, a review of resource allocation and the steering process will take place, with the objective of establishing new control variables, including the respective profit targets, based on the economic capital approach. Subsequently, consistent value-based planning and steering will be implemented at the overall Bank and business-line levels, based on the economic capital approach.

Another main activity in 2006 will be developing and establishing specific stress scenarios for the use of economic capital for the overall Bank portfolio and for individual portfolios.

Making our employees even more sensitive to risk is a key goal this year. The establishment of a risk culture, which this entails, will be supported by a risk manual, available throughout the Bank, the publication of last year's report on corporate responsibility and a code of conduct.

Corrigan Report implemented

Now that BaFin's MaH examination has been successfully completed, Commerzbank will subject the recommendations of the so-called Corrigan Report (Counterparty Risk Management Policy Group II [CRMPG II]) to intensive scrutiny in 2006 and ensure that they are systematically implemented – insofar as they have not already been met. This applies in particular to business involving hedge funds. The report's 47 recommendations for market participants are intended to create a more stable financial market overall through the proactive behaviour of all market participants, especially in risk management. In this way, systemic risk is to be reduced to a minimum and crises of the financial markets as a whole prevented.

Summing up

We believe that considerable value leverage for further boosting Commerzbank's earnings performance over the next few years lies in the claim to being the benchmark in risk control and management. The importance of highly-developed risk management was also confirmed in an international benchmarking study last year, where it is seen as the most significant challenge to successful business management for internationally competitive banks. We share this view and are confident that we can achieve further major breakthroughs in risk control and management during this decade. This will prove highly positive for Commerzbank's positioning in its target markets and for the selective exploration of the risk/return-based scope for expansion in lending. What is more, the cyclical volatility of business performance in lending can be further reduced as a result.

The aim to be a national and international leader in risk management is not an end in itself for Commerzbank and by no means implies avoiding risk wherever possible. Rather, it stands for creating and developing efficient structures, systems and strategies and implementing them with the aid of skilful front- and back-office staff with the goal of achieving good risk/return results in the target portfolios. We intend to take on risks wherever we are able to steer and monitor them and wherever they pay off for our shareholders.

structure of commerzbank group

Board of Managing Directors

Corporate Divisions

Group Management

Staff departments

- Accounting and Taxes
- Compliance and Security
- Corporate Communications and Economic Research
- Financial Controlling
- Group Treasury
- Human Resources
- Internal Auditing
- Legal Services
- Risk Control
- Strategy and Controlling

Retail Banking and Asset Management / **Corporate and Investment Banking**

Banking departments

Retail Banking and Asset Management:

- Private and Business Customers
- Private Banking
- Credit Operations Private Customers
- Asset Management

Corporate and Investment Banking:

Mittelstand

- Corporate Banking
- Global Credit Operations

International Corporate Banking

- Financial Institutions

Corporates & Markets

Domestic and foreign branch network

Cooperation in bancassurance area

Services

Service departments

- Information Technology
- Organization
- Transaction Banking

Subsidiaries and participations in Germany and abroad

Balance sheet of Commerzbank Aktiengesellschaft as of December 31, 2005

Assets (in € m)				**31.12.2005**	**31.12.2004**
Cash reserve					
a) cash on hand			569		570
b) balances with central banks			4,058		2,321
including: with Deutsche Bundesbank		3,916			(1,880)
				4,627	**2,891**
Debt issued by public-sector borrowers, and bills of exchange rediscountable at central banks					
a) treasury bills and discountable treasury notes, as well as similar debt issues by public-sector borrowers			2,668		759
including: rediscountable at Deutsche Bundesbank		1,682			(251)
b) bills of exchange			392		296
including: rediscountable at Deutsche Bundesbank		392			(296)
				3,060	**1,055**
Claims on banks					
a) payable on demand			12,885		14,429
b) other claims			67,851		46,745
				80,736	**61,174**
Claims on customers					
including: secured by mortgages on real estate		20,273			(20,060)
communal loans		5,313			(4,561)
				112,608	**106,821**
Bonds and other fixed-income securities					
a) money-market instruments					
aa) issued by public-sector borrowers		20			213
including: rediscountable at Deutsche Bundesbank	13				(90)
ab) issued by other borrowers		3,016	3,036		1,465
including: rediscountable at Deutsche Bundesbank	409				(13)
					1,678
b) bonds and notes					
ba) issued by public-sector borrowers		14,157			16,781
including: rediscountable at Deutsche Bundesbank	10,965				(11,349)
bb) issued by other borrowers		23,848	38,005		21,854
including: rediscountable at Deutsche Bundesbank	9,657				(9,217)
					38,635
c) bonds and notes issued by Commerzbank			7,945		3,305
nominal amount €7,926m					
				48,986	**43,618**
Shares and other variable-yield securities				**7,186**	**9,611**
Subsidiaries, associated companies and trade investments (investments)				**1,326**	**2,278**
including: investment in banks		728			(1,646)
investment in financial-service institutions		0			(0)
Holdings in affiliated companies				**9,840**	**7,762**
including: in banks		1,007			(1,526)
in financial-service institutions		13			(32)
Assets held on a trust basis				**322**	**386**
including: loans at third-party risk		322			(386)
Recovery claims on federal and Länder authorities under post-war currency reform acts including bonds in exchange for the former				**–**	**105**
Intangible assets				**45**	**16**
Fixed assets				**612**	**751**
Bank's holding of its own shares accounting par value: €2.4m				**25**	**58**
Other assets				**10,384**	**11,555**
Deferred items					
a) difference arising from consolidation pursuant to Art. 250, (3) of the German Commercial Code – HGB			116		130
b) other deferred items			1,856		2,268
				1,972	**2,398**
Deferred taxes pursuant to Art. 274, (2), German Commercial Code – HGB				**–**	**319**
			Total Assets	**281,729**	**250,798**

Liabilities and Shareholders' Equity (in € m)			31.12.2005	31.12.2004
Liabilities to banks				
a) payable on demand		19,269		24,816
b) with agreed periods or periods of notice		101,941		83,144
			121,210	**107,960**
Liabilities to customers				
a) savings deposits,				
aa) with agreed period of notice of three months	11,087			15,402
ab) with agreed period of notice of more than three months	525			640
		11,612		16,042
b) other liabilities				
ba) payable on demand	36,910			32,190
bb) with agreed periods or periods of notice	45,619			35,448
		82,529		67,638
			94,141	**83,680**
Securitized liabilities				
a) bonds and notes issued		23,977		21,677
b) other securitized liabilities		6,344		4,920
			30,321	**26,597**
including:				
ba) money-market instruments	6,042			(4,660)
bb) own acceptances and promissory notes outstanding	75			(62)
Liabilities on a trust basis			**322**	**386**
including: loans at third-party risk	322			(386)
Other liabilities			**13,645**	**10,362**
Deferred items				
a) difference arising from consolidation pursuant to Art. 340e, (2), 2 of the German Commercial Code – HGB		70		93
b) other deferred items		719		907
			789	**1,000**
Provisions				
a) provisions for pensions and similar commitments		1,351		1,311
b) provisions for taxation		137		338
c) other provisions		2,333		3,324
			3,821	**4,973**
Commerzbank Foundation			**33**	**27**
Subordinated liabilities			**5,046**	**5,242**
Profit-sharing certificates outstanding			**1,581**	**1,794**
including: maturing in less than two years	647			(604)
Fund for general banking risks			**705**	**205**
Capital and reserves				
a) subscribed capital (conditional capital €403m)		1,708		1,556
b) capital reserve		5,918		4,705
c) revenue reserves				
ca) legal reserve	3			3
cb) reserve for the Bank's own shares	25			58
cd) other revenue reserves	2,133			2,100
		2,161		2,161
d) distributable profit		328		150
			10,115	**8,572**
Total Liabilities and Shareholders' Equity			**281,729**	**250,798**
1. Contingent liabilities				
a) contingent liabilities from rediscounted bills of exchange credited to borrowers		2		3
b) liabilities from guarantees and indemnity agreements (see also Note 31)		23,202		20,553
			23,204	**20,556**
2. Other commitments				
c) irrevocable lending commitments		31,917		32,291
			31,917	**32,291**

Profit and loss account of Commerzbank Aktiengesellschaft for the period from January 1 to December 31, 2005

in € m				2005	2004
Interest income from					
a) lending and money-market transactions		7,234			6,787
b) fixed-income securities and government-inscribed debt		1,548			1,241
			8,782		8,028
Interest paid			–6,337		–5,586
				2,445	**2,442**
Current income from					
a) shares and other variable-yield securities			454		385
b) investments (subsidiaries, associated companies, and trade investments)			48		86
c) holdings in affiliated companies			115		182
				617	**653**
Income from profit-pooling and from partial or full profit-transfer agreements				**693**	**155**
Commissions received			1,691		1,656
Commissions paid			–178		–240
				1,513	**1,416**
Net income from financial transactions				**–23**	**125**
Other operating income				**148**	**254**
General operating expenses					
a) personnel expenses					
aa) wages and salaries		–1,654			–1,544
ab) compulsory social-security contributions, expenses for pensions and other employee benefits		–438			–449
of which: for pensions	–193				(–206)
			–2,092		–1,993
b) other administrative expenses			–1,227		–1,338
				–3,319	**–3,331**
Depreciation on and value adjustments to fixed assets				**–199**	**–252**
Other operating expenses				**–145**	**–118**
Write-downs of and value adjustments to claims and certain securities, and additions to provisions for possible loan losses				**–1,302**	**–1,061**
Income from additions to investments, holdings in affiliated companies and securities treated as fixed assets				**837**	**277**
Expenses from the transfer of losses				**–1**	**–3**
Result from ordinary activities before restructuring expenses and appropriation to fund for general banking risks				**1,264**	**557**
Appropriation to fund for general banking risks				–500	–
Restructuring expenses				–30	–125
Result from ordinary activities after restructuring expenses and appropriation to fund for general banking risks				**734**	**432**
Taxes on income			–414		–283
Other taxes			8		1
				–406	**–282**
Net income for the year				**328**	**150**
Withdrawals from revenue reserves					
b) from reserve for the Bank's own shares			–33		–
d) from other revenue reserves			–		–8
				–33	**–8**
Allocation to revenue reserves					
b) to reserve for the Bank's own shares			–		8
d) to other revenue reserves			33		–
				33	**8**
Distributable profit				**328**	**150**

notes

General information

(1) Accounting principles

The annual financial statements of Commerzbank Aktiengesellschaft as of December 31, 2005, 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 balance sheet, profit and loss account and notes. In addition, a management report has been included (including a risk report) pursuant to Art. 289, HGB, which appears on pages 2 to 26.

(2) Accounting policies

The cash reserve appears in nominal figures.

Debt issued by public-sector borrowers and bills of exchange rediscountable at central banks are shown in discounted form.

Claims on banks and claims on customers 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, notes and other fixed-income securities as well as shares and other variable-yield securities held for trading and liquidity purposes appear – according to the rules for current assets, with the lower-of-cost-or-market principle strictly applied – at the lower of acquisition cost and fair value. Securities held as fixed assets are treated in accordance with the diluted lower value principle (see Note 5).

In accordance with the rules for fixed assets, investments and holdings in affiliated companies are carried at cost. Where a permanent impairment of value seemed likely, we have made the relevant non-scheduled depreciation. Insofar as the reasons for the write-down no longer apply, we make a write-up amounting to no more than the amount written down.

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 income 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 as such 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. Minor-value items are written off immediately in the year of acquisition. Non-scheduled depreciation and write-offs are effected in the case of permanent impairments in value.

We made no use of the option to form a deferred tax item pursuant to Art. 274, (2), HGB as of December 31, 2005. We released the previous year's amount to income in the financial year.

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% for our pension liabilities worked out according to the "normal entry-age" method, which is acceptable for tax purposes. The impact of the amended Heubeck 2005 G tables was taken fully into account. 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.

We provide for the risks associated with banking business by forming specific valuation allowances, country valuation allowances, global valuation allowances and provisions. 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 (swaps, forward transactions and options) 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.

In the past financial year, the existing portfolio valuation units under German commercial law were adapted to risk-adjusted mark-to-market measurement in order to measure trading portfolios, with market risk deducted. 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, 2005, of the setting-off options pursuant to Art. 340c, (2), HGB and Art. 340f, (3), HGB.

(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 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.

Notes to the balance sheet

(4) Remaining lifetimes of claims and liabilities

€ m	31.12.2005	31.12.2004
Other claims on banks	**67,851**	**46,745**
with a remaining lifetime of		
less than three months	45,587	32,307
more than three months, but less than one year	18,631	12,794
more than one year, but less than five years	2,923	1,316
more than five years	710	328
Claims on customers	**112,608**	**106,821**
with indeterminate lifetime	9,848	8,961
with a remaining lifetime of		
less than three months	33,615	30,039
more than three months, but less than one year	9,603	9,320
more than one year, but less than five years	23,429	21,927
more than five years	36,113	36,574

Of the bonds, notes and other fixed-income securities in an amount of €48,986m (previous year: €43,618m), €10,688m will mature during the 2006 financial year.

€ m	31.12.2005	31.12.2004
Liabilities to banks		
with agreed lifetime or period of notice	**101,941**	**83,144**
with a remaining lifetime of		
less than three months	72,869	53,756
than three months, but less than one year	11,718	12,235
more than one year, but less than five years	5,537	5,121
more than five years	11,817	12,032
Savings deposits		
with agreed period of notice of more than three months	**525**	**640**
with a remaining lifetime of		
less than three months	42	78
more than three months, but less than one year	109	138
more than one year, but less than five years	286	301
more than five years	88	123
Other liabilities to customers		
with agreed lifetime or period of notice	**45,619**	**35,448**
with a remaining lifetime of		
less than three months	38,316	28,677
more than three months, but less than one year	2,727	1,606
more than one year, but less than five years	1,186	1,450
more than five years	3,390	3,715
Other securitized liabilities	**6,344**	**4,920**
with a remaining lifetime of		
less than three months	2,797	3,121
more than three months, but less than one year	3,469	1,695
more than one year, but less than five years	68	104
more than five years	10	0

Of the €23,977m of bonds and notes issued (previous year: €21,677m), €5,680m will fall due in the 2006 financial year.

(5) Marketable securities

	marketable		listed on a stock exchange		not listed	
€ m	**31.12.2005**	**31.12.2004**	**31.12.2005**	**31.12.2004**	**31.12.2005**	**31.12.2004**
Bonds, notes and other fixed-income securities	48,986	43,618	40,049	36,697	8,937	6,921
Shares and other variable-yield securities	6,570	8,794	6,241	8,357	329	437
Investments	1,260	2,161	1,044	2,068	216	93
Holdings in affiliated companies	8,014	6,387	0	410	8,014	5,977

Under Shares and other variable-yield securities, investment fund shares of €121m (previous year: €132m) 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. A contractually agreed, mutual obligation to make further contributions exists here, or a right to demand repayment, between Commerzbank AG and Commerzbank Pension-Trust e.V.

(6) Relations with affiliated companies and equity investments

	Affiliated companies		Investments	
€ m	**31.12.2005**	**31.12.2004**	**31.12.2005**	**31.12.2004**
Claims on banks	5,832	2,386	8,640	4,899
Claims on customers	5,763	11,318	28	7
Bonds, notes and other fixed-income securities	1,247	2,408	1,036	1,158
Liabilities to banks	4,945	5,145	1,042	321
Liabilities to customers	212	1,199	25	3
Securitized liabilities	498	530	–	–
Liabilities on a trust basis at third-party risk	40	40	–	–
Subordinated liabilities	–	261	–	–

(7) Trust business

€ m	**31.12.2005**	**31.12.2004**
Claims on banks	0	1
Claims on customers	322	385
Assets on a trust basis at third-party risk	**322**	**386**
Liabilities to banks	317	380
Liabilities to customers	5	6
Liabilities on a trust basis at third-party risk	**322**	**386**

(8) Changes in book value of fixed assets

€ m	Intangible assets	Fixed assets	Securities held as financial investments	Investments*)	Holdings in affiliated companies*)
Cost of acquisition/production as of 1.1.2005	**18**	**3,151**	**132**		
Additions in 2005	17	93	4		
Disposals in 2005	4	323	15		
Transfers	245	–245	0		
Cost of acquisition/production as of 31.12.2005	**276**	**2,676**	**121**		
Cumulative write-downs/ changes in exchange rates	231	2,064	0		
Additions in 2005	0	0	0		
Residual book values 31.12.2005	**45**	**612**	**121**	**1,326**	**9,840**
Residual book values 31.12.2004	**16**	**751**	**132**	**2,278**	**7,762**
Write-downs in 2005	16	183	0		

*) 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 €77m (previous year: €86m), the Bank uses premises of €64m (previous year: €71m) for its own purposes.

Office furniture and equipment of €535m (previous year: €665m) is included in Fixed assets.

(9) Other assets

Other assets of €10,384m (previous year: €11,555m) mainly comprise premiums paid for option contracts and interest-rate caps amounting to €7,903m (previous year: €7,607m) and claims arising from profit-transfer agreements with affiliated companies.

(10) Deferred tax items

The deferred taxes of €319m carried as assets as of December 31, 2004, pursuant to Art. 274, (2), HGB were released to profit and loss in the year under review.

(11) Subordinated assets

€ m	31.12.2005	31.12.2004
Claims on banks	80,736	61,174
of which: subordinated	472	531
Claims on customers	112,608	106,821
of which: subordinated	218	212
Bonds and notes		
a) of other issuers	23,848	21,854
of which: subordinated	228	202
b) own bonds	7,945	3,305
of which: subordinated	22	36
Shares and other variable-yield securities	7,186	9,611
of which: subordinated	56	60
Total	**996**	**1,041**

(12) Repurchase agreements

The book value of the securities pledged under repurchase agreements, which appear in the balance sheet, is €50,068m (previous year: €42,564m).

(13) The Bank's foreign-currency position

On the balance-sheet date, the aggregate amount of foreign-currency assets was €56,793m (previous year: €52,843m).

Foreign-currency liabilities amounted to €56,560m (previous year: €52,412m) on the balance-sheet date.

(14) Security pledged for own liabilities

The following assets were pledged as security for the above-mentioned liabilities:

€ m	31.12.2005	31.12.2004
Treasury bills	389	2
Claims on customers and banks	13,218	9,888
Securities	60,708	48,249
Total	**74,315**	**58,139**

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.

(15) Other liabilities

Other liabilities of €13,645m (previous year: €10,362m) mainly include premiums for option contracts and interest-rate caps amounting to €8,771m (previous year: €8,328m).

(16) Provisions

Other provisions were primarily formed for contingent losses from pending transactions of the trading book, lending transactions, other administrative expenses and matters related to the personnel area.

Other provisions also include restructuring provisions of €81m (previous year: €139m).

(17) Subordinated liabilities

In the event of insolvency or winding-up, the subordinated liabilities of €5,046m (previous year: €5,242m) 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 €306m (previous year: €301m).

As of December 31, 2005, 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 159353	Euro	550	4.75%	21.4.2009
WKN 223445	Euro	590	6.50%	12.7.2010

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.

(18) Profit-sharing certificates outstanding

Of the profit-sharing rights outstanding which appear in the balance sheet, €913m (previous year: €1,158m) count as liable equity funds as defined in Art. 10, (5a), 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.

31.12.2005 Volume in € m	Interest rate	Maturing on 31.12.	
392	7.25%	2005	Profit-sharing certificate with warrants *) WKN 803366 *Warrant exercise period expired*
320	6.38%	2010	Profit-sharing certificate WKN 803205
256	7.90%	2008	Profit-sharing certificate WKN 816120
255	EUR- 12-month Libor +0.6%	2006	Profit-sharing certificate with warrants WKN 803625 *Warrant exercise period expired*
150	6.38%	2009	Profit-sharing certificate WKN 816406
100	7.00%	2009	Profit-sharing certificate WKN 816407
50	7.53%	2014	Registered profit-sharing certificate WKN 422785
25	7.56%	2014	Registered profit-sharing certificate WKN 422720
10	7.24%	2009	Registered profit-sharing certificate WKN 422714
10	7.50%	2009	Registered profit-sharing certificate WKN 423280
8	7.24%	2009	Registered profit-sharing certificate WKN 422721
5	7.52%	2009	Registered profit-sharing certificate WKN 423289
1,581			

*) Repayment on July 1, 2006

€ m	Profit-sharing rights outstanding **31.12.2004**	Matured in financial year	Profit-sharing rights outstanding **31.12.2005**
Total	**1,794**	**213**	**1,581**

(19) Equity

€ m		
Equity as of 31.12.2005		**10,115**
a) Subscribed capital		1,708
b) Capital reserve		5,918
c) Revenue reserves		2,161
Legal reserve	3	
Reserve for treasury shares	25	
Other revenue reserves	2,133	
d) Distributable profit		328

a) Subscribed capital

The subscribed capital of Commerzbank AG (share capital) of €1,707,712,648.20 is evidenced in the form of bearer shares and was divided as of December 31, 2005, into 656,812,557 no-par-value shares (accounting par value per share: €2.60). No preferential rights or restrictions on the payment of dividends exist.

€	**Subscribed capital**
as of 31.12.2004	**1,556,326,015.40**
Issue of shares to employees	1,386,634.60
Capital increase	149,999,998.20
as of 31.12.2005	**1,707,712,648.20**

b) Capital reserve

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

€	**Capital reserve**
as of 31.12.2004	**4,704,640,525.16**
Issue of shares to employees	7,578,491.41
Capital increase	1,205,769,216.30
as of 31.12.2005	**5,917,988,232.87**

c) Revenue reserves

€ m	Total	Legal reserve	Reserve for treasury shares	Other revenue reserves
as of 31.12.2004	**2,161**	**3**	**58**	**2,100**
Changes in portfolio of treasury shares	–	–	–33	33
as of 31.12.2005	**2,161**	**3**	**25**	**2,133**

We draw attention to the comments under Note 27 with regard to the reserve for treasury shares.

(20) Authorized capital

Year of resolution	Original authorized capital € m	Remaining authorized capital €	Expiring on	Special conditions
2004	225 (Art. 4, (3), Articles of Association)	225,000,000	April 30, 2009	Shareholders' subscription rights may be excluded to the extent necessary to offer to the holders of conversion or option rights, either already issued or still to be issued by Commerzbank AG or by companies in which it directly or indirectly holds a majority interest (group companies as defined in Art. 18, (1), AktG), subscription rights to the extent to which they would be entitled after they have exercised their conversion or option rights. Shareholders' subscription rights may be excluded for fractional amounts of shares.
2002	30 (Art. 4, (4), Articles of Association)	20,694,262	April 30, 2007	The Board of Managing Directors may, with the approval of the Supervisory Board, restrict shareholders' subscription rights in order to issue shares to the Bank's staff against cash.
2004	225 (Art. 4, (6), Articles of Association)	225,000,000	April 30, 2009	Shareholders' subscription rights may be excluded to the extent necessary to offer to the holders of conversion or option rights, either already issued or still to be issued by Commerzbank AG or by companies in which Commerzbank AG directly or indirectly holds a majority interest (group companies as defined in Art. 18, (1), AktG), subscription rights to the extent to which they would be entitled after they have exercised their conversion or option rights. Shareholders' subscription rights may be excluded for fractional amounts of shares. Furthermore, subscription rights may be excluded insofar as the capital increase is made against contributions in kind for the purpose of acquiring companies or interests in companies.
2004	150 (Art. 4, (7), Articles of Association)	1.80	April 30, 2009	Shareholders' subscription rights may be excluded if the issue price of the new shares is not substantially lower than that of already listed shares offering the same conditions.
as of 31.12.2005	**630**	**470,694,263.80**		

In the financial year, authorized capital of €1,386,634.60 was used for the capital increase from the issue of shares to the Bank's staff.

In addition, a capital increase of a nominal €149,999,998.20 was effected in connection with the purchase of shares of Eurohypo AG with subscription rights excluded.

€	Remaining authorized capital **31.12.2004**	Added in financial year	Used in financial year	Expired in financial year	Remaining authorized capital **31.12.2005**
Total	**622,080,896.60**	**–**	**151,386,632.80**	**–**	**470,694,263.80**

(21) Conditional capital

€	Conditional capital **31.12.2004**	Added in financial year	Expired in financial year	Conditional capital **31.12.2005**	of which used conditional capital	of which available lines
Total	**403,000,000**	**–**	**–**	**403,000,000**	**–**	**403,000,000**

As resolved by the AGM of May 30, 2003, the Bank's share capital has been conditionally increased by up to €403m (Art. 4, (5), Articles of Association).

In accordance with the AGM authorization of May 30, 2003, such conditional capital increase will only be effected to the extent that the holders or creditors of the convertible bonds, bonds with warrants or profit-sharing rights – carrying conversion or option rights – to be issued by May 30, 2008, by either Commerzbank AG or companies in which Commerzbank AG directly or indirectly holds a majority interest (group companies as defined in Art. 18, (1), AktG) exercise their conversion or option rights, or the holders or creditors of the convertible bonds or convertible profit-sharing rights to be issued by May 30, 2008, by either Commerzbank AG or companies in which Commerzbank AG directly or indirectly holds a majority interest (group companies as defined in Art. 18, (1), AktG) meet their obligations to exercise their conversion rights. The total nominal amount of the convertible bonds or bonds with warrants or profit-sharing rights to be issued is limited to €2bn.

Through the AGM resolution of May 20, 2005, the Board of Managing Directors is also authorized to issue further convertible bonds or bonds with warrants or profit-sharing rights – with or without conversion rights – by May 30, 2008.

The total nominal amount of the convertible bonds or bonds with warrants or profit-sharing rights to be issued is limited to €1.5bn.

Both authorizations may be used altogether up to the amount of the conditional capital.

(22) Treasury shares

	Number of shares*) in units	Accounting par value in €1,000	Percentage of share capital
Portfolio on 31.12.2005	931,796	2,423	0.14
Largest total acquired during the financial year	17,619,857	45,812	2.68
Shares pledged by customers as collateral on 31.12.2005	3,364,552	8,748	0.51
Shares acquired during the financial year	210,534,215	547,389	–
Shares disposed of during the financial year	213,699,708	555,619	–

*) accounting par value per share €2.60

The AGM on May 20, 2005 authorized us, 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, 2006. 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.

The lowest price at which the Bank may purchase one of its shares may not be 10% lower than the mean value for the share prices (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 preceding the respective day of purchase, and the highest price at which the Bank may purchase one of its shares may not exceed this value by more than 10%.

The average purchase price in the past financial year was €21.31 (previous year: €14.85), and the average selling price €21.15 (previous year: €14.81). The reduction in proceeds from the above transactions was recognized as expenses during the financial year.

For the Commerzbank shares held in the Bank's portfolio at year-end, a reserve of €25m (previous year: €58m) was formed.

The AGM on May 20, 2005 also authorized us, pursuant to Art. 71, (1), no. 8, AktG, to purchase the Bank's shares, in one or in several tranches, for purposes other than securities trading. 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 AG. 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 authorization is valid until October 31, 2006.

We did not use this authorization in the 2005 financial year.

Notes to the profit and loss account

(23) Revenues, by geographical market

€ m	2005	2004
Germany	8,782	8,674
Europe (excl. Germany)	1,677	1,556
America	537	334
Asia	165	91
Africa	54	61
Total	**11,215**	**10,716**

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 income from financial transactions and Other operating income.

(24) Auditors' fees

The auditors' fees (excluding turnover tax) of €5m, recognized as expenses in the 2005 financial year, break down as follows:

€1,000	2005
Audit of financial statements	3,677
Provision of other certificates or assessments	1,099
Tax consulting services	33
Other services	560
Total	**5,369**

(25) Other operating income

Other operating income of €148m (previous year: €254m) mainly includes revenues from the reversal of provisions not related to lending and rental income.

(26) Other operating expenses

Other operating expenses of €145m (previous year: €118m) mainly include expenses from allocations to provisions not related to lending and also to rental and leasing charges for re-let premises.

(27) 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

Other notes

(28) Contingent liabilities

€ m	31.12.2005	31.12.2004
Contingent liabilities from bills of exchange credited to borrowers	2	3
Liabilities from guarantees and indemnity agreements	23,202	20,553
of which: Credit guarantees	2,502	2,878
Other guarantees	14,048	11,888
Letters of credit	6,652	5,787
Total	**23,204**	**20,556**

(29) Other commitments

€ m	31.12.2005	31.12.2004
Irrevocable lending commitments	**31,917**	**32,291**
Book credits to customers	29,235	26,861
Book credits to banks	1,945	3,817
Credits by way of guarantee	569	1,195
Letters of credit	168	418

(30) Other financial commitments

On December 31, 2005, the existing commitments arising from rental and leasing agreements amounted to altogether €2,063m for subsequent years (previous year: €2,535m); €1,070m (previous year: €1,338m) of this relates to commitments to affiliated companies.

Payment commitments for equities, shares in private limited companies and other interests amounted to €1m (previous year: €2m) on the balance-sheet date.

Due to our participation in Liquiditäts-Konsortialbank mbH, Frankfurt, 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 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.

(31) 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	Seat
BRE Bank Hipoteczny SA	Warsaw
BRE Bank SA	Warsaw
BRE Leasing Sp. z o.o.	Warsaw
Caisse Centrale de Réescompte, S.A.	Paris
CCR Actions	Paris
CCR Chevrillon-Philippe	Paris
CCR Gestion	Paris
comdirect bank Aktiengesellschaft	Quickborn
COMINVEST Asset Management GmbH	Frankfurt am Main
COMINVEST Asset Management Ltd.	Dublin
COMINVEST Asset Management S.A.	Luxembourg
Commerz (East Asia) Ltd.	Hong Kong
Commerz Advisory Management Co. Ltd.	British Virgin Islands
Commerz Asset Management (UK) plc	London
Commerz Asset Management Asia Pacific Pte Ltd.	Singapore
Commerz Equity Investments Ltd.	London
Commerz International Capital Management (Japan) Ltd.	Tokyo
Commerzbank (Eurasija) SAO	Moscow
Commerzbank (South East Asia) Ltd.	Singapore
Commerzbank (Switzerland) Ltd	Zurich
Commerzbank Asset Management Asia Ltd.	Singapore
Commerzbank Belgium S.A./N.V.	Brussels
Commerzbank Capital Markets Corporation	New York
Commerzbank Europe (Ireland)	Dublin
Commerzbank Europe Finance (Ireland) plc.	Dublin
Commerzbank International S.A.	Luxembourg
Commerzbank Overseas Finance N.V.	Curaçao
Commerzbank Rt.*)	Budapest
CommerzLeasing und Immobilien AG	Düsseldorf
Erste Europäische Pfandbrief- und Kommunalkreditbank Aktiengesellschaft in Luxemburg	Luxembourg
European Bank for Fund Services GmbH (ebase)	Haar near Munich
Gracechurch TL Ltd.	London
Hypothekenbank in Essen AG	Essen
Intermarket Bank AG	Vienna
Jupiter Administration Services Limited	London
Jupiter Asset Management (Asia) Limited	Hong Kong
Jupiter Asset Management (Bermuda) Limited	Bermuda
Jupiter Asset Management Limited	London
Jupiter Asset Managers (Jersey) Limited	Jersey
Jupiter International Group plc	London
Jupiter Unit Trust Managers Limited	London

*) renamed Commerzbank Zrt. as from January 2, 2006.

Name	Seat
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
P.T. Bank Finconesia	Jakarta
Stampen S.A.	Brussels
Transfinance a.s.	Prague
Tyndall Holdings Limited	London
Tyndall International Holdings Limited	Bermuda
Tyndall Investments Limited	London
Tyndall Trust International I.O.M. Limited	Isle of Man

(32) Forward transactions

€ m		Nominal amount				Fair value
		Remaining lifetimes				
31.12.2005	under 1 year	1-5 years	more than 5 years	total	positive	negative
Foreign-currency-based forward transactions						
OTC products						
Foreign-exchange forward contracts	145,934	9,277	147	155,358	1,676	1,762
Interest-rate and currency swaps	48,401	99,310	58,514	206,225	1,905	1,892
Currency call options	20,465	8,330	1,725	30,520	577	–
Currency put options	20,204	7,722	1,731	29,657	–	564
Other foreign-exchange contracts	–	–	–	–	–	–
Products traded on a stock exchange						
Currency futures	–	–	–	–	–	–
Currency options	–	–	–	–	–	–
Total	**235,004**	**124,639**	**62,117**	**421,760**	**4,158**	**4,218**
Interest-based forward transactions						
OTC products						
Forward-rate agreements	126,271	1,244	–	127,515	39	52
Interest-rate swaps (same currency)	1,341,871	1,340,852	1,145,262	3,827,985	61,195	62,488
Interest-rate call options	17,543	47,855	34,018	99,416	2,857	–
Interest-rate put options	18,495	50,965	40,479	109,939	–	3,074
Structured interest-rate products	4,168	9,448	7,586	21,202	649	517
Products traded on a stock exchange						
Interest-rate futures	49,374	21,004	–	70,378	62	113
Interest-rate options	7,681	–	–	7,681	6	5
Total	**1,565,403**	**1,471,368**	**1,227,345**	**4,264,116**	**64,808**	**66,249**
Other forward transactions						
OTC products						
Structured equity/index products	7,232	14,775	5,059	27,066	1,086	1,743
Equity call options	8,931	14,226	818	23,975	3,781	–
Equity put options	9,432	14,872	553	24,857	–	4,010
Credit derivatives	20,294	119,312	8,271	147,877	1,262	1,359
Precious metal contracts	2	1	–	3	0	0
Other transactions	–	–	–	–	–	–
Products traded on a stock exchange						
Equity futures	5,063	–	–	5,063	80	49
Equity options	45,370	44,134	3,139	92,643	2,331	2,099
Other futures	–	–	–	–	–	–
Other options	–	–	–	–	–	–
Total	**96,324**	**207,320**	**17,840**	**321,484**	**8,540**	**9,260**
Total pending forward transactions						
OTC products	1,789,243	1,738,189	1,304,163	4,831,595	75,027	77,461
Products traded on a stock exchange	107,488	65,138	3,139	175,765	2,479	2,266
Total	**1,896,731**	**1,803,327**	**1,307,302**	**5,007,360**	**77,506**	**79,727**

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.

(33) The Bank's staff

On average, we employed 23,467 people (previous year: 23,668) last year, who were deployed as follows:

		total		male		female	
		FT	WF	FT	WF	FT	WF
AG in Germany	**2005**	19,662	21,491	9,772	10,681	9,890	10,810
	2004	19,701	21,439	9,774	10,637	9,927	10,802
AG abroad	**2005**	1,923	1,976	1,288	1,324	635	652
	2004	2,204	2,229	1,514	1,531	690	698
AG total	**2005**	21,585	23,467	11,060	12,005	10,525	11,462
	2004	21,905	23,668	11,288	12,168	10,617	11,500

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

		total	male	female
Trainees	**2005**	1,147	459	688
	2004	1,244	475	769

(34) Board of Managing Directors and Supervisory Board

In the past financial year, the following overall remuneration was paid to the members of the Board of Managing Directors and the Supervisory Board:

	2005	2004
	€1,000	€1,000
Members of Board of Managing Directors	15,368 *)	6,137
Members of Supervisory Board	1,616	1,222
Former members of the Board of Managing Directors and their surviving dependents	7,756	6,479
Total	**24,740**	**13,838**

*) including variable remuneration, payable in 2006, after it has been finally determined by the Presiding Committee on March 28, 2006.

On the balance-sheet date, the overall amount of advances and loans granted, as well as contingent liabilities, to board members was as follows:

	31.12.2005	31.12.2004
	€1,000	€1,000
Members of Board of Managing Directors	1,559	1,934
Members of Supervisory Board	1,504	1,601
Total	**3,063**	**3,535**

Members of the Board of Managing Directors have been granted cash advances and loans with lifetimes ranging between until further notice and a due date of 2018, and at floating or fixed interest rates ranging between 2.89% and 11.00%. Collateral security is provided on a normal market scale, wherever necessary through land charges and the pledging of security holdings. The overall figure includes rental guarantees for members of the Board of Managing Directors, provided without a commission fee being charged; this is in line with the Bank's general terms and conditions for members of staff.

The loans and advances to members of the Supervisory Board – including those to employee representatives on this body – were granted with lifetimes ranging between until further notice and a due date of 2031 and at interest rates ranging between 3.04% and 6.57%. In line with market conditions, some loans were granted without collateral security, against land charges or against the assignment of credit balances and life insurances.

On December 31, 2005, provisions for pensions for present and former members of the Board of Managing Directors and their surviving dependents amounted to €65m (previous year: €65m).

(35) 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 3, 2005, to shareholders on the internet (www.commerzbank.com).

The compensation of the Board of Managing Directors and the Supervisory Board in individualized form is published for the first time in the notes to the consolidated financial statements for 2005 pursuant to section 4.2.4 of the Code.

In addition, the management report of the consolidated financial statements contains the 2005 corporate governance report.

(36) Seats on supervisory boards and similar bodies

Members of the Board of Managing Directors of Commerzbank AG

Information pursuant to Art. 285, no. 10, HGB
As of December 31, 2005

a) Seats on mandatory supervisory boards

b) Seats on similar bodies

Klaus-Peter Müller

a) Linde AG*)

Steigenberger Hotels AG

b) Assicurazioni Generali S.p.A.*)

KfW Kreditanstalt für Wiederaufbau

Liquiditäts-Konsortialbank GmbH

Parker Hannifin Corporation*)

within Commerzbank Group:

Commerzbank International S.A.
Chairman

Commerzbank (Switzerland) Ltd
Chairman

Martin Blessing

a) AMB Generali Holding AG*)

Heidelberger Druckmaschinen AG*)

ThyssenKrupp Services AG

within Commerzbank Group:

Commerzbank Inlandsbanken Holding AG

CommerzLeasing und Immobilien AG
Chairman

b) **within Commerzbank Group:**

BRE Bank SA
Deputy chairman

Wolfgang Hartmann

a) Vaillant GmbH

within Commerzbank Group:

Commerz Grundbesitz-Investmentgesellschaft mbH
1st Deputy chairman

Hypothekenbank in Essen AG

b) **within Commerzbank Group:**

Commerz Grundbesitz-gesellschaft mbH
Deputy chairman

CORECD Commerz Real Estate Consulting and Development GmbH
Chairman

Dr. Achim Kassow

a) Volksfürsorge Deutsche Sachversicherung AG

ThyssenKrupp Steel AG

within Commerzbank Group:

comdirect bank AG
Chairman

COMINVEST Asset Management GmbH
Chairman

Commerz Grundbesitz-Investmentgesellschaft mbH
Chairman

CommerzLeasing und Immobilien AG
Deputy chairman

b) **within Commerzbank Group:**

Commerz Grundbesitz-gesellschaft mbH
Chairman

COMMERZ PARTNER Beratungs-gesellschaft für Vorsorge- und Finanzprodukte mbH
Chairman

Klaus M. Patig

a) MAN Ferrostaal AG

G. Kromschröder AG*)
Deputy chairman

b) Korea Exchange Bank
Non-standing director

within Commerzbank Group:

Commerzbank Capital Markets Corporation

Commerz Securities (Japan) Company Ltd.
Chairman

Dr. Eric Strutz

a) ABB AG

within Commerzbank Group:

comdirect bank AG

COMINVEST Asset Management GmbH

Commerzbank Auslandsbanken Holding AG
Chairman

Commerzbank Inlandsbanken Holding AG
Chairman

Hypothekenbank in Essen AG
Chairman

b) Banca Intesa S.p.A.*)

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

within Commerzbank Group:

Commerzbank International S.A.

Erste Europäische Pfandbrief- und Kommunalkreditbank AG

*) listed company outside group (pursuant to no. 5.4.3, German Corporate Governance Code)

Nicholas Teller

a) Deutsche Schiffsbank AG
Chairman

within Commerzbank Group:

Commerzbank Auslandsbanken Holding AG

Commerz Unternehmensbeteiligungs-AG

b) **within Commerzbank Group:**

BRE Bank SA

Commerzbank Capital Markets Corporation
Chairman

Former members of the Board of Managing Directors

Andreas de Maizière

a) Borgers AG

Rheinische Bodenverwaltung AG
Chairman

RWE Power AG

STEAG AG

b) Arenberg-Schleiden GmbH
Chairman

BVV Versicherungsverein des Bankgewerbes a.G.

Members of the Supervisory Board of Commerzbank AG

a) Seats on other mandatory supervisory boards

b) Seats on similar bodies

Dr. h.c. Martin Kohlhaussen

a) Bayer AG

Heraeus Holding GmbH

HOCHTIEF AG
Chairman

Infineon Technologies AG
Deputy chairman
(until January 25, 2005)

Schering AG

ThyssenKrupp AG

b) Verlagsgruppe Georg von Holtzbrinck GmbH

Intermediate Capital Group plc
(until July 31, 2005)

Uwe Tschäge

–

Hans-Hermann Altenschmidt

b) BVV Versorgungskasse

BVV Unterstützungskasse

Dott. Sergio Balbinot

a) **within group:**

Aachener und Münchener Lebensversicherung AG

Aachener und Münchener Versicherung AG

AMB Generali Holding AG

b) **within group:**

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

Europ Assistance Holding

Generali Asia N.V.

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 (Schweiz) Holding

La Estrella S.A.

Migdal Insurance Co. Ltd.

Migdal Insurance Holdings Ltd.

Participatie Maatschappij Graafschap Holland N.V.

Transocean Holding Corporation

Herbert Bludau-Hoffmann

–

*) listed company outside group (pursuant to no. 5.4.3, German Corporate Governance Code)

Astrid Evers

–

Uwe Foullong

a) DBV-Winterthur Holding AG

DBV-Winterthur Lebensversicherung AG

Daniel Hampel

–

Dr.-Ing. Otto Happel

a) GEA Group AG*)
(formerly: mg technologies AG)

Dr. jur. Heiner Hasford

a) Europäische Reiseversicherung AG
Chairman

MAN AG*)
(*until June 3, 2005)*

Nürnberger Beteiligungs-AG*)

WMF Württembergische Metallwarenfabrik AG*)

within group:

D.A.S. Deutscher Automobil Schutz – Allgemeine Rechtsschutz-Versicherungs-AG

ERGO Versicherungsgruppe AG

VICTORIA Lebensversicherung AG

VICTORIA Versicherung AG

b) **within group:**

American Re Corporation

Sonja Kasischke

–

Wolfgang Kirsch

a) Commerz Business Consulting AG
Chairman

b) COLLEGIUM GLASHÜTTEN Zentrum für Kommunikation GmbH

Werner Malkhoff

–

Klaus Müller-Gebel

a) comdirect bank AG
Deputy chairman

Deutsche Schiffsbank AG

Eurohypo AG

Dr. Sabine Reiner

–

Dr. Erhard Schipporeit

a) Deutsche Börse AG*)
(since October 7, 2005)

SAP AG*)
(since May 12, 2005)

Talanx AG

within group:

Degussa AG

E.ON Ruhrgas AG

E.ON IS GmbH
(since January 11, 2005)

b) HDI V.a.G.

within group:

E.ON Audit Services GmbH
Chairman

E.ON Risk Consulting GmbH
Chairman

E.ON UK plc

E.ON US Investments Corp.

Dr.-Ing. Ekkehard D. Schulz

a) AXA Konzern AG*)

Bayer AG*)
(since April 29, 2005)

Deutsche Bahn AG

MAN AG*)
Chairman (since June 3, 2005)

RAG AG
Deputy chairman

TUI AG*)

within group:

ThyssenKrupp Automotive AG
Chairman

ThyssenKrupp Elevator AG
(since October 1, 2005)
Chairman
(since October 26, 2005)

ThyssenKrupp Services AG
Chairman

ThyssenKrupp Steel Beteiligungen AG
(formerly: ThyssenKrupp Steel AG)
Chairman
(until December 9, 2005)

b) **within group:**

ThyssenKrupp Budd Company

Prof. Dr. Jürgen F. Strube

a) Allianz Lebensversicherungs AG

BASF AG
Chairman

Bayerische Motorenwerke AG

Bertelsmann AG
Deputy chairman

Fuchs Petrolub AG
Chairman

Hapag-Lloyd AG

Linde AG

*) listed company outside group (pursuant to no. 5.4.3, German Corporate Governance Code)

Dr. Klaus Sturany

a) Hannover Rückversicherungs AG*)

Heidelberger Druckmaschinen AG*)

RAG AG

within group:

RWE Power AG

RWE Energy AG

RWE Systems AG
(since July 7, 2005)
Chairman
(since September 8, 2005)

RWE Umwelt AG
(until February 24, 2005)

b) Österreichische Industrieholding AG

within group:

RWE Npower Holdings Plc

RWE Thames Water plc

RWE Trading GmbH
(until April 30, 2005)

Dr.-Ing. E.h. Heinrich Weiss

a) Deutsche Bahn AG

HOCHTIEF AG*)

Voith AG

within group:

SMS Demag AG
Chairman

b) Thyssen-Bornemisza Group

Bombardier Inc.*)
(since January 25, 2005)

within group:

Concast AG
Vice-President

Employees of Commerzbank AG

Information pursuant to Art. 340a, (4), no. 1, HGB
As of December 31, 2005

Manfred Breuer

Schumag AG

Bernd Förster

SE Spezial Electronic AG

Bernd Grossmann

Textilgruppe Hof AG

Herbert Huber

Saarländische Investitionskreditbank AG

René Kaselitz

CommerzLeasing und Immobilien AG

Andreas Kleffel

Adolf Ahlers AG

Dr. Renate Krümmer

Hypothekenbank in Essen AG

Klaus Kubbetat

Pensor AG

Burkhard Leffers

CommerzLeasing und Immobilien AG

Goodyear Dunlop Tires Germany GmbH

Kolbenschmidt Pierburg AG

Michael Mandel

COMINVEST Asset Management GmbH

Commerz Grundbesitz-Investmentgesellschaft mbH

COMMERZ PARTNER Beratungsgesellschaft für Vorsorge- und Finanzprodukte mbH

Dr. Dirk Mattes

COMMERZ PARTNER Beratungsgesellschaft für Vorsorge- und Finanzprodukte mbH

MEWA Textil-Service AG & Co. Management OHG

Wilhelm Nüse

Rasmussen GmbH

Michael Schmid

CommerzLeasing und Immobilien AG

Dr. Friedrich Schmitz

COMINVEST Asset Management GmbH

Frank Schulz

Woba Dresden GmbH

Arno Walter

ConCardis GmbH

Martin Zielke

COMINVEST Asset Management GmbH

CommerzLeasing und Immobilien AG

Commerz Grundbesitz-Investmentgesellschaft mbH

*) listed company outside group (pursuant to no. 5.4.3, German Corporate Governance Code)

(37) Holdings in consolidated companies

Affiliated companies included in the consolidation

Name	Seat	Share of capital held in %	of which: indirectly in %		Equity in 1,000	Result in 1,000
Atlas-Vermögensverwaltungs-Gesellschaft mbH	Bad Homburg v.d.H.	100.0		€	1,006,924	– [2]
ATBRECOM Limited	London	100.0	100.0	€	758	474
BRE Bank Hipoteczny SA	Warsaw	100.0	100.0	Zl	165,395	21,757
TOMO Vermögensverwaltungsgesellschaft mbH	Frankfurt am Main	100.0	100.0	€	22,778	– [2]
Zweite Umbra Vermögensverwaltungs-gesellschaft mbH	Frankfurt am Main	100.0	100.0	€	51	– [2]
CB Building Kirchberg GmbH	Düsseldorf	100.0	6.0	€	–647	503 [1]
Commerz (East Asia) Ltd.	Hong Kong	100.0		€	45,245	4,342
Commerz Asset Management (UK) plc	London	100.0		£	180,495	–1,848
Jupiter International Group plc (sub-group)	London	100.0	100.0	£	190,613	–21,963
Jupiter Asset Management Limited	London	100.0	100.0			
Jupiter Unit Trust Managers Limited	London	100.0	100.0			
Tyndall Holdings Limited	London	100.0	100.0			
Jupiter Administration Services Limited	London	100.0	100.0			
Tyndall Investments Limited	London	100.0	100.0			
Tyndall International Holdings Limited	Bermuda	100.0	100.0			
Jupiter Asset Management (Asia) Limited	Hong Kong	100.0	100.0			
Jupiter Asset Management (Bermuda) Limited	Bermuda	100.0	100.0			
Jupiter Asset Managers (Jersey) Limited	Jersey	100.0	100.0			
Tyndall Trust International I.O.M. Limited	Isle of Man	100.0	100.0			
Real Estate Holdings Limited *)	Bermuda	100.0	100.0			
Lanesborough Limited	Bermuda	55.7	55.7			
NALF Holdings Limited	Bermuda	100.0	100.0			
The New Asian Property Fund Limited	Bermuda	99.4	99.4			
Commerz Asset Management Holding GmbH	Frankfurt am Main	100.0		€	415,000	– [2]
COMINVEST Asset Management GmbH	Frankfurt am Main	100.0	100.0	€	47,001	– [2]
COMINVEST Asset Management Ltd.	Dublin	100.0	100.0	€	3,827	1,247
COMINVEST Asset Management S.A.	Luxembourg	100.0	100.0	€	73,205	16,643
Commerz Asset Management Asia Pacific Pte Ltd.	Singapore	100.0	100.0	S$	22,733	–1,882
Commerz Advisory Management Co. Ltd.	British Virgin Islands	100.0	100.0	TWD	615,730	9,506
Commerzbank Asset Management Asia Ltd.	Singapore	100.0	100.0	S$	43,658	863
Commerz International Capital Management (Japan) Ltd.	Tokyo	100.0	100.0	¥	567,434	88,476
European Bank for Fund Services GmbH (ebase)	Haar near Munich	100.0	100.0	€	22,231	3,057
CBG Commerz Beteiligungsgesellschaft Holding mbH	Bad Homburg v.d.H.	100.0		€	6,137	– [2]
CBG Commerz Beteiligungsgesellschaft mbH	Frankfurt am Main	100.0	100.0	€	13,318	–295
CBG Commerz Beteiligungskapital GmbH	Frankfurt am Main	100.0	100.0	€	1,138	137 [1]
Commerz Business Consulting AG	Frankfurt am Main	100.0		€	2,375	– [2]
Commerz Equity Investments Ltd.	London	100.0		£	1,120	1,119
Commerz Grundbesitzgesellschaft mbH	Wiesbaden	100.0		€	138,344	22,088

*) renamed: "Tyndall International Group Limited" has been transformed into "Real Estate Holdings Limited"

Affiliated companies included in the consolidation

Name	Seat	Share of capital held in %	of which: indirectly in %		Equity in 1,000	Result in 1,000
Commerz Grundbesitz-Investmentgesellschaft mbH	Wiesbaden	75.0	75.0	€	34,705	14,768
Commerz Grundbesitz-Spezialfonds-gesellschaft mbH	Wiesbaden	100.0	100.0	€	7,486	1,510
Commerz Securities (Japan) Company Ltd. i.L.	Hong Kong/Tokyo	100.0		¥	5,281,265	557,159
Commerz Service Gesellschaft für Kundenbetreuung mbH	Quickborn	100.0		€	26	– [2)]
Commerzbank (Eurasija) SAO	Moscow	100.0		Rbl	4,385,634	738,735
Commerzbank (Nederland) N.V.	Amsterdam	100.0		€	180,153	3,055
Commerzbank (South East Asia) Ltd.	Singapore	100.0		€	56,372	40,517
Commerzbank Auslandsbanken Holding AG	Frankfurt am Main	100.0		€	2,505,125	– [2)]
BRE Bank SA (sub-group)	Warsaw	71.5	71.5	Zl	2,108,470	247,543
BRE Finance France SA	Levallois Perret	100.0	100.0			[1)]
BRE Leasing Sp. z o.o.	Warsaw	100.0	100.0			
Dom Inwestycyjny BRE Banku SA	Warsaw	100.0	100.0			[1)]
Intermarket Bank AG	Vienna	56.2	56.2			
Magyar Factor Rt.	Budapest	100.0	100.0			[1)]
Polfactor SA	Warsaw	100.0	100.0			[1)]
PTE Skarbiec – Emerytura SA	Warsaw	100.0	100.0			
Skarbiec Asset Management Holding SA (sub-group)	Warsaw	100.0	100.0			
BRE Agent Transferowy Sp. z o.o.	Warsaw	100.0	100.0			
SKARBIEC Towarzystwo Funduszy Inwestycyjnych SA	Warsaw	100.0	100.0			
SKARBIEC Investment Management SA	Warsaw	100.0	100.0			
SKARBIEC Serwis Finansowy Sp. z o.o.	Warsaw	100.0	100.0			
Transfinance a.s.	Prague	100.0	100.0			
Caisse Centrale de Réescompte, S.A.	Paris	99.4	99.4	€	172,879	33,537
CCR Actions	Paris	92.6	92.6	€	6,342	23,040
CCR Chevrillon-Philippe	Paris	87.0	87.0	€	4,141	1,178
CCR Gestion	Paris	100.0	100.0	€	7,898	5,558
Commerzbank (Switzerland) Ltd	Zurich	100.0	100.0	Sfr.	203,441	18,310
Commerzbank International S.A.	Luxembourg	100.0	100.0	€	754,739	50,159
Max Lease S.a.r.l. & Cie. Secs	Luxembourg	100.0	100.0	€	154	29 [1)]
Commerzbank Belgium S.A./N.V.	Brussels	100.0		€	8,238	2,004
Commerzbank Capital Markets Corporation	New York	100.0		US$	181,129	–12,728
Commerzbank Europe (Ireland)	Dublin	61.0	41.0	€	532,325	21,708
Commerzbank Europe Finance (Ireland) plc	Dublin	100.0	100.0	€	49	1
Commerzbank Immobilien- und Vermögens-verwaltungsgesellschaft mbH	Frankfurt am Main	100.0		€	10,030	– [2)]
Commerzbank Inlandsbanken Holding AG	Frankfurt am Main	100.0		€	3,843,258	– [2)]
comdirect bank Aktiengesellschaft (sub-group)	Quickborn	79.9	79.9	€	578,145	33,782
comdirect private finance AG	Quickborn	100.0	100.0			
Commerzbank Overseas Finance N.V.	Curaçao	100.0		€	1,050	499
Commerzbank Rt.**)	Budapest	100.0		Ft.	17,846,930	2,438,561
Commerzbank U.S. Finance, Inc.	Wilmington/Delaware	100.0		US$	783	3 [1)]

**) renamed Commerzbank Zrt. as from January 2, 2006

Affiliated companies included in the consolidation

Name	Seat	Share of capital held in %	of which: indirectly in %		Equity in 1,000	Result in 1,000
CommerzLeasing und Immobilien AG	Düsseldorf	100.0	94.5	€	86,823	– [2]
ALMURUS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0	€	9,004	–21 [1]
ASTRIFA Mobilien-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0	€	25	– [2]
CFB Commerz Fonds Beteiligungsgesellschaft mbH	Düsseldorf	100.0	100.0	€	26	– [2]
CFB Verwaltung und Treuhand GmbH	Düsseldorf	100.0	100.0	€	26	– [2]
COBA Vermögensverwaltungsgesellschaft mbH	Düsseldorf	100.0	100.0	€	26	– [2]
CommerzImmobilien GmbH	Düsseldorf	100.0	100.0	€	12,936	– [2]
CommerzBaucontract GmbH	Düsseldorf	100.0	100.0	€	52	– [2]
CommerzBaumanagement GmbH	Düsseldorf	100.0	100.0	€	52	– [2]
CommerzBaumanagement GmbH und CommerzImmobilienGmbH GbR – Neubau Molegra	Düsseldorf	100.0	100.0	€	414	414
CommerzLeasing Mobilien GmbH	Düsseldorf	100.0	100.0	€	8,349	7,631
CommerzLeasing Auto GmbH	Düsseldorf	100.0	100.0	€	281	– [2]
CommerzLeasing Mietkauf GmbH	Düsseldorf	100.0	100.0	€	26	– [2]
Hansa Automobil Leasing GmbH	Hamburg	100.0	100.0	€	7,488	– [2]
ComSystems GmbH	Düsseldorf	98.0	98.0	€	–2,317	–387
FABA Vermietungsgesellschaft mbH	Düsseldorf	95.0	95.0	€	–567	–114
NESTOR GVG mbH & Co. Objekt ITTAE Frankfurt KG	Düsseldorf	100.0	95.0	€	–2,933	–26
NORA GVG mbH & Co. Objekt Lampertheim KG	Düsseldorf	95.0	95.0	€	–765	104 [1]
NORA GVG mbH & Co. Objekte Plön und Preetz KG	Düsseldorf	90.0	90.0	€	–850	11 [1]
NOVELLA GVG mbH	Düsseldorf	100.0	100.0	€	8,960	– [2]
SECUNDO GVG mbH	Düsseldorf	100.0	100.0	€	3,144	2,568
CORECD Commerz Real Estate Consulting and Development GmbH	Berlin	100.0		€	1,000	– [2]
Erste Europäische Pfandbrief- und Kommunal-kreditbank Aktiengesellschaft in Luxemburg	Luxembourg	75.0		€	69,962	11,219
Gracechurch TL Ltd.	London	100.0		€	772	–
Hibernia Eta Beteiligungsgesellschaft mbH	Frankfurt am Main	85.0		€	51,172	–9 [1]
Hibernia Gamma Beteiligungsgesellschaft mbH	Frankfurt am Main	100.0		€	169,030	6,108 [1]
Hypothekenbank in Essen AG	Essen	51.0		€	801,651	103,000
TIGNATO Beteiligungsgesellschaft mbH & Co. KölnTurm MediaPark KG	Düsseldorf	100.0	100.0	€	1,617	–153 [1]
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH&Co., Objekt Jupiter KG	Düsseldorf	100.0		€	17,400	1,881
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH&Co., Objekt Luna KG	Düsseldorf	100.0		€	2,582	302
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH&Co., Objekt Neptun KG	Düsseldorf	100.0		€	9,319	1,475
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH&Co., Objekt Pluto KG	Düsseldorf	100.0		€	16,551	1,970
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH&Co., Objekt Uranus KG	Düsseldorf	100.0		€	26,578	2,520
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH&Co., Objekt Venus KG	Düsseldorf	100.0		€	13,675	1,785
P.T. Bank Finconesia	Jakarta	51.0		Rp.	212,649,238	12,449,623
Service-Center Inkasso GmbH Düsseldorf	Düsseldorf	100.0		€	128	– [2]
Stampen S.A.	Brussels	99.4		€	11,248	122

Associated companies included in the consolidation at equity

Name	Seat	Share of capital held in %	of which: indirectly in %		Equity in 1,000	Result in 1,000
Alon Technology Ventures Limited	British Virgin Islands	40.1	40.1	€	9,857	–888
Capital Investment Trust Corporation	Taipei/Taiwan	24.0	4.8	TWD	1,520,838	407,347
Commerz Unternehmensbeteiligungs-Aktiengesellschaft	Frankfurt am Main	40.0		€	116,761	6,201
COMUNITHY Immobilien AG	Düsseldorf	49.9	49.9	€	–8,780	–2,486
Deutsche Schiffsbank Aktiengesellschaft	Bremen/Hamburg	40.0	40.0	€	413,905	50,173
Eurohypo Aktiengesellschaft	Eschborn	48.9	48.9	€	5,592,292	483,260
ILV Immobilien-Leasing Verwaltungs-gesellschaft Düsseldorf mbH	Düsseldorf	50.0	47.0	€	29,983	1,860
Prospect Poland UK, L.P.	St. Helier/Jersey	39.5	1.6	US$	1,423	276
Reederei MS "E.R. INDIA" Beteiligungsgesellschaft mbH & Co.KG	Hamburg	26.1	26.1	€	15,557	2,030
Tele-Tech Investment Sp. z o.o.	Warsaw	24.0	24.0	Zl	994	–511

Special-purpose entities and non-publicly-offered funds included in the consolidation pursuant to IAS 27 and SIC-12

Name	Seat/seat of management company	Share of capital held or share of investor in fund in %		Equity or fund's assets in 1,000
Special-purpose entities				
Al Shorouq 1 Limited	St. Helier/Jersey	0.00	£	1 [1]
CB MezzCAP Limited Partnership	St. Helier/Jersey	0.00	€	0 [1]
Comas Strategy Fund Limited	Grand Cayman	0.00	US$	0 [1]
Four Winds Funding Corporation	Wilmington/Delaware	0.00	US$	326
Hanging Gardens 1 Limited	Grand Cayman	0.00	€	7
Kaiserplatz Gesellschaften:		0.00	€	4,054
Kaiserplatz Holdings Incorporated	Wilmington/Delaware			[1]
Kaiserplatz Funding (Delaware) LLC	Wilmington/Delaware			[1]
Kaiserplatz Holdings Limited	St. Helier/Jersey			[1]
Kaiserplatz Funding Limited	St. Helier/Jersey			[1]
Kaiserplatz Sub-Holdings Limited	St. Helier/Jersey			[1]
Kaiserplatz Purchaser No. 2 Limited	St. Helier/Jersey			[1]
Kaiserplatz Purchaser No. 3 Limited	St. Helier/Jersey			[1]
Kaiserplatz Purchaser No. 4 Limited	St. Helier/Jersey			[1]
Kaiserplatz Purchaser No. 5 Limited	St. Helier/Jersey			[1]
Kaiserplatz Purchaser No. 6 Limited	St. Helier/Jersey			[1]
Kaiserplatz Purchaser No. 9 Limited	St. Helier/Jersey			[1]
Kaiserplatz Purchaser No. 10 Limited	St. Helier/Jersey			[1]
Kaiserplatz Purchaser No. 11 Limited	St. Helier/Jersey			[1]
Kaiserplatz Purchaser No. 13 Limited	St. Helier/Jersey			[1]
MidCABS Limited	St. Helier/Jersey			[1]
Premium Receivables Intermediate Securisation Entity Funding Limited	London			[1]

Special-purpose entities and non-publicly-offered funds included in the consolidation pursuant to IAS 27 and SIC-12

Name	Seat/seat of management company	Share of capital held or share of investor in fund in %		Equity or fund's assets in 1,000
Mainz Holdings Limited	St. Helier/Jersey			[1]
Sword Funding No. 1 Limited	St. Helier/Jersey			[1]
KREATIV 1 Limited	St. Helier/Jersey	0.00	€	0 [1]
Plymouth Capital Limited	St. Helier/Jersey	0.00	€	45
Portland Capital Limited	St. Helier/Jersey	0.00	£	10 [1]
Ryder Square Limited	St. Helier/Jersey	0.00	£	1 [1]
Shannon Capital plc	Dublin	0.00	€	0 [1]
Non-publicly-offered funds				
Activest Grugafonds	Munich	100.00	€	106,463
CDBS-Cofonds	Frankfurt am Main	100.00	€	106,703
CDBS-Cofonds II	Frankfurt am Main	100.00	€	99,988
CDBS-Cofonds III	Frankfurt am Main	100.00	€	102,038 [1]
CDBS-Cofonds IV	Frankfurt am Main	100.00	€	89,905 [1]
OP-Fonds CDBS V	Frankfurt am Main	100.00	€	90,363 [1]
CICO-Fonds I	Frankfurt am Main	100.00	€	186,880
CICO-Fonds II	Frankfurt am Main	100.00	€	250,521
Commerzbank Alternative Strategies-Global Hedge	Luxembourg	100.00	€	59,278
DBI-Fonds HIE 1	Frankfurt am Main	100.00	€	116,588
DBI-Fonds HIE 2	Frankfurt am Main	100.00	€	109,915 [1]
DBI-Fonds HIE 3	Frankfurt am Main	100.00	€	109,851 [1]
DEGEF-Fonds HIE 1	Frankfurt am Main	100.00	€	116,407
DEGEF-Fonds HIE 2	Frankfurt am Main	100.00	€	100,000 [1]
DEVIF-Fonds Nr. 533	Frankfurt am Main	100.00	€	110,267
DEVIF-Fonds Nr. 606	Frankfurt am Main	100.00	€	109,000 [1]
HIE-Cofonds I	Frankfurt am Main	100.00	€	115,993
HIE-Cofonds II	Frankfurt am Main	100.00	€	118,482
HIE-Cofonds III-N	Frankfurt am Main	100.00	€	111,376 [1]
HIE-Cofonds IV-N	Frankfurt am Main	100.00	€	111,380 [1]
HIE-Cofonds V-N	Frankfurt am Main	100.00	€	111,396 [1]

Other major companies not included in the consolidation

Name	Seat	Share of capital held in %	of which: indirectly in %		Equity in 1,000	Result in 1,000
ALNO Aktiengesellschaft	Pfullendorf	20.6		€	31,068	–4,018 [4]

Holdings in major incorporated companies pursuant to Art. 285, no. 11, final half-sentence, HGB

Name	Seat	Share of capital held in %	of which: indirectly in %
CarMeile AG	Wülfrath	10.0	10.0
ConCardis GmbH	Frankfurt am Main	6.0	
EURO Kartensysteme GmbH	Frankfurt am Main	6.0	
Ferrari S.p.A.	Maranello, Modena	8.5	
GZS Gesellschaft für Zahlungssysteme mbH	Bad Vilbel	6.1	
Korea Exchange Bank	Seoul	14.6	
Linde Aktiengesellschaft	Wiesbaden	10.0*)	10.0*)

*) unrounded figure: 9.9934%

Affiliated companies not included in the consolidation due to their minor importance

Name	Seat	Share of capital held in %	of which: indirectly in %
Achte Umbra Beteiligungsgesellschaft mbH	Frankfurt am Main	100.0	100.0
AFINA, Bufete de Socios Financieros S.A.	Madrid	93.0	
AFÖG Vermögensverwaltungsgesellschaft mbH	Frankfurt am Main	100.0	
ALMONDA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
Alternative Asset Management S.A.	Luxembourg	100.0	100.0
AMBRESA Sp. z o.o.	Warsaw	100.0	100.0
ASTUTIA Beteiligungsgesellschaft mbH	Düsseldorf	100.0	100.0
Bankowy Dom Hipoteczny Sp. z o.o.	Warsaw	100.0	100.0
Beteiligungsgesellschaft für Industrie und Handel mbH	Frankfurt am Main	100.0	
BeVerwal Beteiligungs- und Verwaltungsgesellschaft mbH	Frankfurt am Main	100.0	
BMF Capital Sp. z o.o.	Warsaw	100.0	100.0
BRE Corporate Finance SA	Warsaw	100.0	100.0
BRE International Finance B.V. i.L.	Amsterdam	100.0	100.0
BREL - FIN Sp. z o.o.	Warsaw	100.0	100.0
BREL - FINANCE Sp. z o.o. *)	Warsaw	100.0	100.0
BREL - AN Sp. z o.o.	Warsaw	100.0	100.0
BREL - COM Sp. z o.o.	Warsaw	100.0	100.0
BREL - IMMO Sp. z o.o.	Warsaw	100.0	100.0
BREL - MAR Sp. z o.o.	Warsaw	100.0	100.0
BREL - MIG Sp. z o.o.	Warsaw	100.0	100.0
BREL - PRO Sp. z o.o.	Warsaw	100.0	100.0
BRELIM Sp. z o.o.	Warsaw	100.0	100.0
BRELINVEST Sp. z o.o.	Warsaw	100.0	100.0
BRELINVEST Sp. z o.o. Fly 2 Sp. Komandytowa	Warsaw	100.0	100.0
CB Lux Kirchberg GmbH	Frankfurt am Main	100.0	
Chevrillon Philippe Assurance CPA	Paris	100.0	100.0
CCR Courtages	Paris	100.0	100.0

*) renamed: RAVENNA Gdansk Sp. z.o.o. has been transformed into BREL - FINANCE Sp. z o.o.

Affiliated companies not included in the consolidation due to their minor importance

Name	Seat	Share of capital held in %	of which: indirectly in %
Centrum Rozliczen i Informacji CERI Sp. z o.o.	Aleksandrów Lódzki	100.0	100.0
CFM Commerz Finanz Management GmbH i.L.	Frankfurt am Main	100.0	
CGG Canada GmbH	Wiesbaden	100.0	100.0
CGI Victoria Square Limited	London	100.0	100.0
COLLEGIUM GLASHÜTTEN Zentrum für Kommunikation GmbH	Glashütten	100.0	2)
Commercium Vermögensverwaltungsgesellschaft m.b.H.	Hamburg	100.0	
Commerz Europe (Ireland), Inc.	Wilmington/Delaware	100.0	100.0
Commerz Export Finance Ltd.	London	100.0	
Commerz Grundbesitz – Gestão de Centros Comercias Sociedade Unipessoal, Lda.	Lisbon	100.0	100.0
Commerz Keyes Avenue Properties (Pty) Ltd.	Johannesburg	100.0	
Commerz Management Services Ltd.	Dublin	100.0	
Commerz Nominees Ltd.	London	100.0	
Commerz Overseas Services Ltd.	London	100.0	
Commerz U.S. Holding, Inc.	Wilmington/Delaware	100.0	
Commerzbank International Trust (Jersey) Ltd.	St. Helier/Jersey	100.0	20.0
Commerzbank International Trust (Singapore) Ltd.	Singapore	100.0	80.0
Commerzbank (Properties South Africa) (Proprietary) Limited	Johannesburg	100.0	
Commerzbank São Paulo Servicos Ltda.	São Paulo	100.0	73.9
CommerzProjektconsult GmbH	Frankfurt am Main	100.0	100.0
DOMINO Projektentwicklungsgesellschaft mbH & Co Objekt Taunustor KG	Frankfurt am Main	100.0	100.0
DOMINO Projektentwicklungsgesellschaft mbH & Co Objekt Neue Mainzer Strasse KG	Frankfurt am Main	100.0	100.0
dozent.it Vermögensverwaltungsgesellschaft mbH	Frankfurt am Main	100.0	
Dreizehnte Commercium Vermögensverwaltungsgesellschaft mbH	Frankfurt am Main	100.0	
Dritte Commercium Vermögensverwaltungsgesellschaft mbH	Frankfurt am Main	100.0	
Dritte Umbra Vermögensverwaltungsgesellschaft mbH	Frankfurt am Main	100.0	100.0
emFinanse Sp. z o.o.	Lódz	100.0	100.0
Erste StorCom AG	Frankfurt am Main	100.0	
Essen Hyp Immobilien GmbH	Essen	100.0	100.0
EuREAM GmbH	Wiesbaden	100.0	100.0
FAMCO SA i.L.	Warsaw	100.0	100.0
FIDES Trust Company Ltd.	Luxembourg	100.0	10.0
Forum Algarve – Gestão de Centros Comercias Sociedade Unipessoal, Lda.	Lisbon	100.0	100.0
Forum Almada – Gestão de Centros Comercias Sociedade Unipessoal, Lda.	Lisbon	100.0	100.0
Forum Montijo – Gestão de Centros Comercias Sociedade Unipessoal, Lda.	Lisbon	100.0	100.0
Frega Vermögensverwaltungsgesellschaft mbH	Frankfurt am Main	100.0	
Garbary Sp. z o.o.	Poznań	100.0	100.0
Grundstücksgesellschaft CORECD Alpha mbH	Berlin	100.0	100.0
Grundstücksgesellschaft CORECD Beta mbH	Berlin	100.0	100.0
Grundstücksgesellschaft CORECD Gamma mbH	Berlin	100.0	100.0

Affiliated companies not included in the consolidation due to their minor importance

Name	Seat	Share of capital held in %	of which: indirectly in %
Handelsgest S.A.R.L.	Luxembourg	100.0	25.0
Haus am Kai 2 O.O.O.	Moscow	100.0	100.0
Hildegund Ltd.	London	100.0	
Houston Main GP, LLC	New York	100.0	100.0
Immobilien Expertise GmbH	Essen	100.0	100.0
Immobiliengesellschaft Ost Hägle spol.s.r.o.	Prague	100.0	
Immobilienverwaltungs- und Vertriebsgesellschaft Villen am Glienicker Horn mbH	Berlin	100.0	
Immobilienverwaltungsgesellschaft Altwismar mbH	Berlin	100.0	100.0
Immobilienverwaltungsgesellschaft Grammophon Büropark mbH	Berlin	100.0	100.0
Immobilienverwaltungsgesellschaft Kampffmeyer Villa mbH	Berlin	100.0	
Immobilienverwaltungsgesellschaft Schlachthof Offenbach mbH**)	Berlin	100.0	
Indugest S.A.R.L.	Luxembourg	100.0	25.0
L.I.A. Leasinggesellschaft für Immobilien und Anlagegüter mbH	Düsseldorf	100.0	0.1
LIBRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Hannover KG	Düsseldorf	52.5	52.5
Mädler-Passage Leipzig Grundstück GmbH & Co. KG	Leipzig	87.5	
Mädler-Passage Leipzig Grundstück Verwaltung GmbH	Leipzig	88.0	
Max Lease S.a.r.l.	Luxembourg	100.0	100.0
MKF Sp. z o.o.	Warsaw	100.0	100.0
Neuma Vermögensverwaltungsgesellschaft mbH	Hamburg	69.0	
RAVENNA Kraków Sp. z o.o.	Warsaw	100.0	100.0
RAVENNA Szczecin Sp. z o.o.	Warsaw	100.0	100.0
Regensburg Arcaden Verwaltungs-GmbH	Regensburg	100.0	100.0
Regina Finanz- und Versicherungsvermittlung GmbH	Essen	100.0	100.0
ROSEA Grundstücksvermietungsges. mbH & Co. Objekt Veldhoven KG	Düsseldorf	100.0	100.0
ROTUNDA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	100.0
Schunk GmbH	Willich	51.0	51.0
Service Point Sp. z o.o.	Warsaw	100.0	100.0
Serwis Finansowy Sp. z o.o. i.L.	Warsaw	100.0	100.0
SOLTRX Solutions for financial business GmbH	Frankfurt am Main	51.0	
SOLTRX Transaction Services GmbH	Düsseldorf	100.0	75.0
Transfactor Slovakia AS	Bratislava	100.0	100.0
TV-Tech Investment 1 Sp. z o.o.	Warsaw	100.0	100.0
TV-Tech Investment 2 Sp. z o.o.	Warsaw	100.0	100.0
Vartimex s.r.o.	Prague	100.0	100.0
Vierte Commercium Vermögensverwaltungsgesellschaft mbH	Bad Soden a.Taunus	100.0	
Vierte Umbra Vermögensverwaltungsgesellschaft mbH	Frankfurt am Main	100.0	100.0
Wijkertunnel Beheer III B.V.	Amsterdam	100.0	
Winning Partners Limited	Hong Kong	100.0	
WST-Broker-GmbH	Frankfurt am Main	90.0	54.0
Zweite Commercium Vermögensverwaltungsgesellschaft mbH	Frankfurt am Main	100.0	

**) renamed: Hibernia Omega Beteiligungsgesellschaft mbH has been transformed into Immobilienverwaltungsgesellschaft Schlachthof Offenbach mbH

Associated companies not included at equity in the consolidation due to their minor importance

Name	Seat	Share of capital held in %	of which: indirectly in %
ABC Gestion	Paris	30.0	30.0
Argor-Heraeus S.A.	Mendrisio	26.5	26.5
AV America Grundbesitzverwaltungsgesellschaft mbH	Frankfurt am Main	25.0	
BHG und CIMO GbR Sonninstrasse	Düsseldorf	50.0	50.0
Bonitos Verwaltungs GmbH	Frankfurt am Main	50.0	
Bonitos GmbH & Co. KG	Frankfurt am Main	50.0	
BRE.locum Sp. z o.o.	Lódz	50.0	50.0
Clearing Bank Hannover Aktiengesellschaft i.L.	Hanover	20.0	
COMMERZ PARTNER Beratungsgesellschaft für Vorsorge- und Finanzprodukte mbH	Frankfurt am Main	50.0	
Commerzbank Aktiengesellschaft von 1870 i.L.	Hamburg	37.9	
COMPAT Immobilien GmbH	Düsseldorf	49.9	49.9
C&W Projektentwicklungsgesellschaft mbH & Co. Objekt Bad Homburg, Siemensstr. KG	Bad Homburg v.d.H.	46.9	46.9
Deutsche Gesellschaft für Immobilienanlagen "America" mbH i.L.	Bad Homburg v.d.H.	25.0	
Exploitatiemaatschappij Wijkertunnel C.V.	Amsterdam	33.3	33.3
FUGA Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
GALDANA Grundstücks-Leasinggesellschaft mbH	Düsseldorf	47.0	47.0
Gesellschaft für Kreditsicherung mbH	Berlin	26.7	
GMF German Mittelstand Fund GmbH	Frankfurt am Main	23.5	23.5
GOPA Gesellschaft für Organisation, Planung und Ausbildung mbH	Bad Homburg v.d.H.	24.8	24.8
Grundstücks-Vermietungsgesellschaft Objekt 12 GmbH	Düsseldorf	46.5	46.5
Hibernia Sigma Beteiligungsgesellschaft mbH	Frankfurt am Main	40.0	
Kapelaansdijk I BV	Amsterdam	25.0	25.0
Koppelenweg I BV	Hoevelaken	33.3	33.3
Liegenschaft Hainstrasse GbR	Frankfurt am Main	50.0	50.0
LUX Leasing S.A.	Luxembourg	50.0	50.0
MAHO Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	47.0	47.0
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Aquarius KG	Düsseldorf	98.5	3)
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Aries KG	Düsseldorf	98.5	3)
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Geminus KG	Düsseldorf	98.5	3)
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Halle Riegel KG	Düsseldorf	98.5	3)
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Halle Markt 11 KG	Düsseldorf	98.5	3)
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Düsseldorf Hohe Strasse KG	Düsseldorf	98.5	3)
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Pforzheim KG	Düsseldorf	98.5	3)
MOLSOLA Vermietungsgesellschaft mbH & Co. Objekt Taurus KG	Düsseldorf	98.5	3)
Montrada GmbH	Bad Vilbel	50.0	

Associated companies not included at equity in the consolidation due to their minor importance

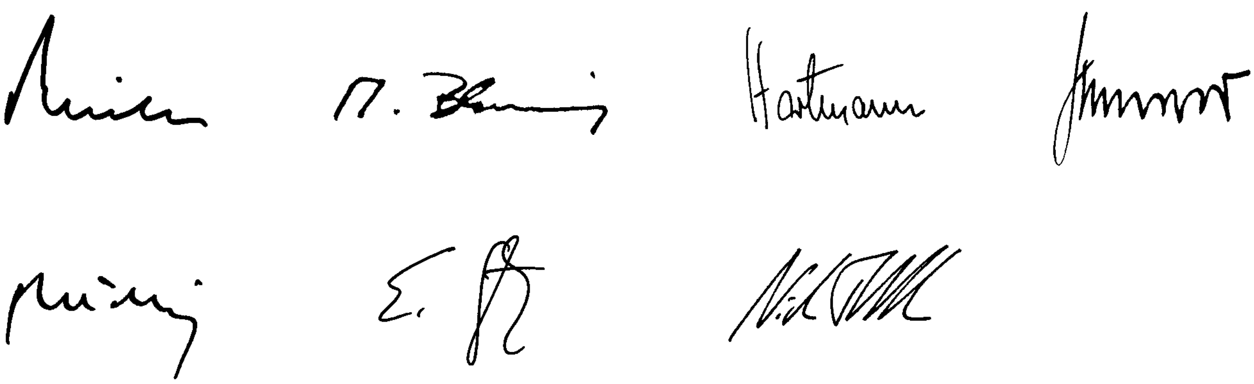
Name	Seat	Share of capital held in %	of which: indirectly in %
Moto Objekt CAMPEON GmbH & Co. KG	Düsseldorf	100.0	100.0 [3)]
MS "Meta" Stefan Patjens GmbH & Co KG	Drochtersen	30.5	30.5
Neue Krausenhöfe Berlin Erste Grundstücksgesellschaft mbH	Düsseldorf	47.4	47.4
Neue Krausenhöfe Berlin Zweite Grundstücksgesellschaft mbH	Düsseldorf	47.4	47.4
Novitus SA	Nowy Sacz	24.9	24.9
pdv.com Beratungs-GmbH	Bremen	30.0	
ProCredit Bank S.A.	Bucharest	20.0	
ProCredit Bank Sh.A.	Tirana	20.0	
RVG Rondo I Verwaltungs GmbH & Co. Objekt Warsaw KG	Düsseldorf	45.0	45.0
SOMENTEC Software AG	Langen	35.7	35.7
The World Markets Company GmbH i.L.	Frankfurt am Main	25.2	
Xtrade SA	Warsaw	24.9	24.9
ZM Pozmeat SA	Poznań	34.5	34.5

1) Included in the consolidation for the first time in the financial year
2) Profit-and-loss transfer agreement
3) Voting rights of less than 50%
4) Intended for further disposal pursuant to Art. 296, (1), no. 3, HGB

Currency translation rates (in units for €1)

Ft.	252.87000	Sfr.	1.55510
¥	138.90000	S$	1.96280
£	0.68530	TWD	38.86000
Rbl	33.92000	US$	1.17970
Rp.	11,596.45000	Zl	3.86000

Frankfurt am Main, March 7, 2006
The Board of Managing Directors



boards of commerzbank aktiengesellschaft

Supervisory Board

Dr. Walter Seipp
Honorary Chairman

Dr. h.c. Martin Kohlhaussen
Chairman

Uwe Tschäge*)
Deputy Chairman

Hans-Hermann Altenschmidt*)
Bank employee
Commerzbank AG

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

Herbert Bludau-Hoffmann*)
Dipl.-Volkswirt
ver.di Financial Services

Astrid Evers*)
Bank employee
Commerzbank AG

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

Daniel Hampel*)
Bank employee
Commerzbank AG

Dr.-Ing. Otto Happel
Manager
Luserve AG

Dr. jur. Heiner Hasford
Member of the Board of
Managing Directors
Münchener Rückversicherungs-
Gesellschaft AG

Sonja Kasischke*)
Bank employee
Commerzbank AG

Wolfgang Kirsch*)
Bank employee
Commerzbank AG

Werner Malkhoff*)
Bank employee
Commerzbank AG

Klaus Müller-Gebel
Lawyer

Dr. Sabine Reiner*)
Trade Union Specialist
Economic Policy
ver.di National Administration

Dr. Erhard Schipporeit
Member of the Board of
Managing Directors
E.ON Aktiengesellschaft

Dr.-Ing. Ekkehard D. Schulz
Chairman
ThyssenKrupp AG

Prof. Dr. Jürgen F. Strube
Chairman
Supervisory Board
BASF Aktiengesellschaft

Dr. Klaus Sturany
Member of the Board of
Managing Directors
RWE Aktiengesellschaft

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

*) elected by the Bank's employees

Board of Managing Directors

Klaus-Peter Müller
Chairman

Martin Blessing

Wolfgang Hartmann

Dr. Achim Kassow

Andreas de Maizière
(until July 15, 2005)

Klaus M. Patig

Dr. Eric Strutz

Nicholas Teller

auditors' report

We have audited the annual financial statements, comprising the balance sheet, the income statement 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 to December 31, 2005. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and supplementary provisions of the articles of incorporation 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 § (Article) 317 HGB (*Handelsgesetzbuch:* "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany – IDW). 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.

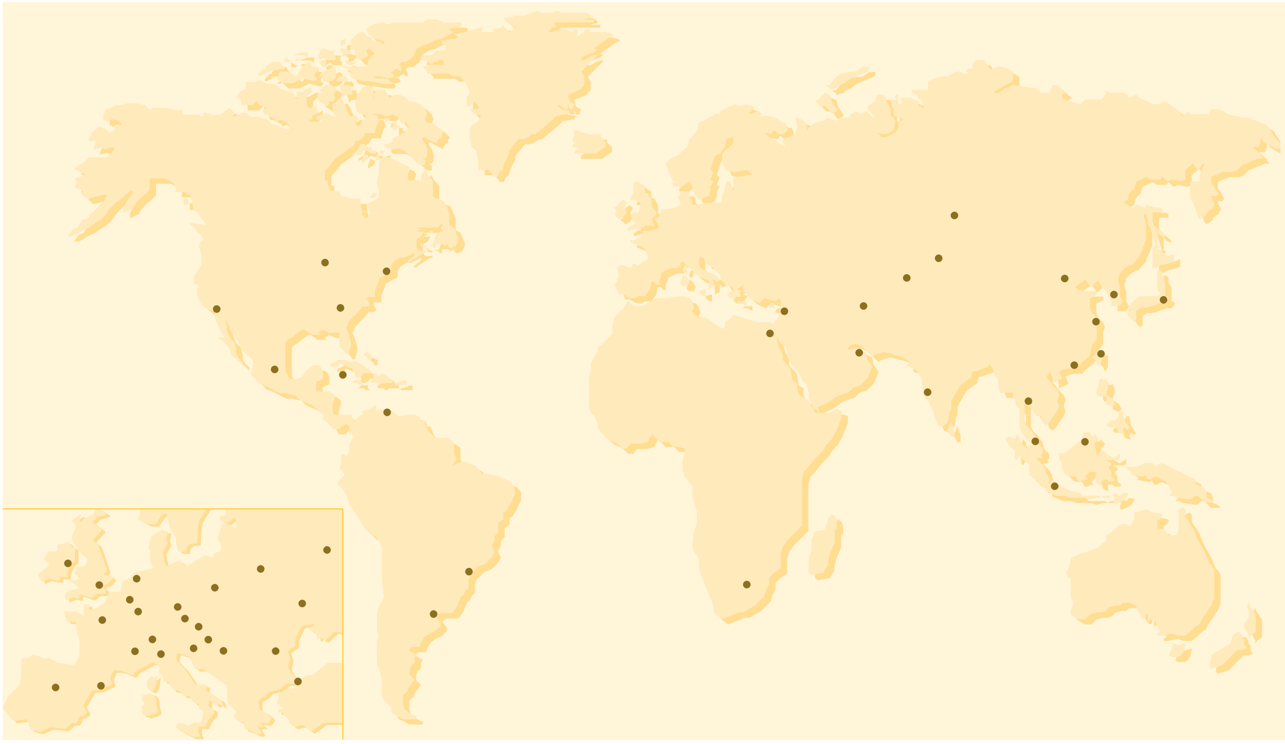
In our opinion based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance 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 8, 2006

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Rausch	Koch
(Wirtschaftsprüfer)	(Wirtschaftsprüfer)
(German public auditor)	(German public auditor)

commerzbank worldwide



Major foreign holdings

BRE Bank SA, Warsaw
Caisse Centrale de Réescompte, S.A., Paris
COMINVEST Asset Management S.A., Luxembourg
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/Geneva
Commerzbank Zrt., Budapest
Commerz (East Asia) Ltd., Hong Kong
Erste Europäische Pfandbrief- und Kommunalkreditbank AG, Luxembourg
Jupiter International Group plc, London
P. T. Bank Finconesia, Jakarta
Korea Exchange Bank, Seoul

Foreign branches

Amsterdam · Atlanta (agency) · Barcelona · Bratislava · Brno (office) · Brussels · Chicago · Grand Cayman · Hong Kong · Johannesburg · Labuan · London · Los Angeles · Madrid · Milan · New York · Paris · Prague · Shanghai · Singapore · Tokyo

Representative offices

Almaty · Bahrain · Bangkok · Beijing · Beirut · Belgrade · Brussels · Bucharest · Buenos Aires · Cairo · Caracas · Istanbul · Jakarta · Kiev · Mexico City · Minsk · Moscow · Mumbai · Novosibirsk · São Paulo · Seoul · Taipei · Tashkent · Tehran · Zagreb

Head office

Commerzbank Aktiengesellschaft
Kaiserplatz
Frankfurt am Main
Postal address:
60261 Frankfurt
Telephone (+49 69) 136-20
Fax: (+49 69) 28 53 89
info@commerzbank.com
www.commerzbank.com

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

/ ideas ahead / COMMERZBANK