COMMERZBANK

Financial Statements and Management Report 2010

Commerzbank AG

Achieving more together

Contents

Management Report of Commerzbank Aktiengesellschaft

Structure and organization

Commerzbank Aktiengesellschaft is Germany's second largest bank, one of its leading banks for private and corporate customers and a major financial institution within Europe. With the rollout of our new brand across the whole of Germany in June 2010, we are making a clear mark as the new Commerzbank. Our customers have around 1,200 branches at their disposal, the densest network of any private-sector bank in Germany. Today, the new Commerzbank serves a total of more than 15 million private and corporate customers worldwide, of which around 11 million are in Germany. Commerzbank aims to continue strengthening its position as market leader in the private and corporate customer segments in Germany.

The focus of our activities is on the four segments Private Customers, Mittelstandsbank, Corporates & Markets, and Central & Eastern Europe, which – as our core bank – are at the heart of the new Commerzbank. These are supplemented by asset based lending in the Real Estate, Public and Ship Finance as well as Real Estate Asset Management areas of the Asset Based Finance segment in addition to portfolios that do not form part of core business in the Portfolio Restructuring Unit segment. Each of the segments is managed by a member of the Board of Managing Directors.

All staff and management functions are contained in Group Management: Group Development & Strategy, Group Communications, Group Legal, Group Treasury, Group Human Resources, Group Integration, Group Finance, Group Finance Architecture, Group Compliance, Group Audit and the central risk functions. The support functions are provided by Group Services. These include Group Information Technology, Group Organisation, Group Banking and Market Operations, Group Security and Group Support. The responsibilities of the Board of Managing Directors are also clearly defined for these functional units. The staff, management and support functions are combined in the Others & Consolidation segment for external reporting purposes.

On the domestic market, Commerzbank Aktiengesellschaft manages a nationwide branch network serving all customer groups from its headquarters in Frankfurt am Main. Its major German subsidiaries are Eurohypo AG, comdirect bank, Commerz Real AG and Deutsche Schiffsbank AG. Outside of Germany, the Bank has 8 significant subsidiaries, 25 operational foreign branches and 32 representative offices in 50 countries and is represented in all major financial centres such as London, New York, Tokyo and Singapore. However, the focus of the Bank's international activities is in Europe.

Corporate Responsibility

Commerzbank continues to expand its sustainability initiatives

Commerzbank's new "Corporate Responsibility Status Report 2010" presents the most important news and progress in the Bank's four areas of action relating to sustainability: Market and Customers, Environment, Employees and Society. The report is available on the Internet in German and English at www.nachhaltigkeit.commerzbank.de. The Status Report is not available in printed form. So far we have been reporting extensively on our corporate responsibility every two years, but we are now switching to an annual report. In doing so, Commerzbank is giving consideration to the growing internal and external significance of this topic while also issuing information more frequently. In future, a status report will alternate with the detailed long version of the report published since 2005. The Status Report fulfils the requirements of a Communication on Progress (COP) regarding implementation of the ten principles of the UN Global Compact, which Commerzbank joined in 2006.

We recognize that the new Commerzbank bears a high level of corporate responsibility. We shall continue – as before – to take account of this in our core business and beyond, with a high level of dedication and commitment.

Market and Customers

Reputation risk management All financial arrangements, products and customer relations in which environmental, ethical or social aspects play a significant role are closely scrutinized and assessed by the Commerzbank Reputation Risk Management department and either rejected or accepted with conditions attached. This covers sensitive areas such as weapons and armaments (to which Group-wide guidelines apply), nuclear power and the exploitation of commodities. In the 2010 financial year, the Reputation Risk Management department issued a written opinion on around 1,500 requests of many different kinds. Approximately 10% of these opinions expressed a negative evaluation on the grounds of social, environmental or ethical concerns.

Compliance (prevention of money laundering) The core tasks of the Compliance department include meeting the legal and regulatory requirements in respect of the prevention of money laundering. In so doing, we comply with internationally recognized standards. In order to ensure the greatest possible transparency in business relationships and financial transactions, Commerzbank abides by the "know your customer" principle: this covers not only verifying and documenting the identity of the client, but also obtaining a risk-based clarification of the origin of the assets employed within the business relationship or transaction.

Private and Corporate Customers Mindful of our responsibility to our customers, in 2010 Commerzbank again successfully implemented a series of measures relating to both private and corporate customers. The aim is to achieve a continuous improvement in customer satisfaction. For example, we have launched a quality campaign for our private customers, aimed at underpinning our promise to deliver "performance and partnership". This included introducing a customer charter and creating the new post of customer advocate.

Furthermore, since April 2010 we have been running a campaign with the slogan “The new bank in plain language” to inform our customers of all relevant innovations and changes arising from the merger between Dresdner Bank and Commerzbank. In the Mittelstandsbank, the year under review saw the creation of the new position of credit mediator for SME lending to provide even more comprehensive quality assurance for lending decisions. Furthermore, Commerzbank and the KfW banking group jointly launched an equity capital fund targeted at unlisted SMEs. It is eventually expected to have access to total funds of up to €500m.

Environment

In 2010, the establishment of the Group Environmental Committee and the re-certification of our environmental management system were further important steps forward on the environment. As part of our long-term commitment to the German national parks, we mounted an exhibition entitled “Weltnaturerbe Buchenwälder” [*World Heritage Beech Forests*] at our Frankfurt head office between February 3 and March 11, 2010. In the International Year of Biodiversity, we thus also supported Kellerwald national park’s application to become a UNESCO world heritage site. The credit portfolio of around €4bn held by the Commerzbank “Renewable Energies” Centre of Competence still represents one of the largest portfolios worldwide for the financing of renewable energies. Commerzbank continued to develop its pioneering role during the period under review, concluding a high volume of new business.

Company

A key milestone in our commitment to social responsibility was the creation of the Foundation Centre, bringing together the former foundations of both Commerzbank and Dresdner Bank under one roof. From this base, the foundations have now started work with endowment capital totalling approximately €100m. In addition, the Bank, its customers and staff donated generously to fund-raising campaigns for Haiti and Pakistan during the period under review, making an important contribution to alleviating the suffering of those affected by natural disasters.

Our employees

We need the best employees to underpin our aim of being the best bank for our customers. The main objective of our Human Resources work is therefore to constantly improve the appeal of Commerzbank as an employer, both internally and externally.

The number of employees at Commerzbank Aktiengesellschaft decreased by 677 employees (roughly 2%) year-on-year to 43,550 as at December 31, 2010.

Staff integration almost complete; significant progress with cultural integration

The functional area Group Human Resources has played an intensive and successful key role in helping Commerzbank and Dresdner Bank grow together since preparations began for the integration process. The last stage of the integration-led staff placement process was the branch-wide appointment of fourth-level managers last year, i.e. branch and group managers not located at our Frankfurt headquarters.

Regional branch heads and branch heads as well as department and group heads took on their new responsibilities as of July 1, 2010. From that date, managers, team colleagues and target location were fixed for every employee, with only a few exceptions. The process of organizational integration in the HR department was thus completed around 22 months after the takeover of Dresdner Bank was announced. Around 4,200 managers were employed by Commerzbank Aktiengesellschaft (in Germany) at year-end 2010.

Integrating Dresdner Bank into Commerzbank entails a cultural sea change and a huge challenge for all involved. Responsibilities and working environment have changed in many cases, and the process of growing together in emotional terms continues. The success of the integration of Commerzbank and Dresdner Bank is heavily reliant on the degree of conviction of employees. To respond to these in a timely manner, Commerzbank commissioned systematic employee surveys shortly after the merger was announced. These are an important tool for organizational development and deliver valuable data for managing the integration process.

Recognition of the best candidates; comprehensive development of key performers

We aim for early recognition and development of our employees' skills. Consequently, our HR work takes a comprehensive approach from junior staff to top management level. We develop promising employees along attractive career paths and offer them a complete programme of professional development measures. We plan to launch a new career path with the Commerzbank Project Management Programme (CPP). In future, employees will be able to opt for project-related roles as an equal career path alongside a management career.

We launched the "Commerzbank Academy" project in 2010 to help build up our employee training in a consistent way throughout the Bank. The aim is to combine all the training and development initiatives for all career paths throughout the Bank under one roof. We will also strengthen specialist careers as an equally valid alternative to management and project careers. Specialist careers are open to all sales employees and specialists in collective pay scale and non-collective pay scale areas who have no management or project management function. All employees adopting the specialist route will be able to see at a glance which opportunities are open to them and which training measures are on offer in this regard.

Living and working healthily, avoiding illness

The motivation and high performance level of our staff depends to a great extent on their health. Consequently we have been offering internal measures for many years that help staff to stay healthy at work and promote wellbeing. The spectrum ranges from training courses on health-related issues, initiatives promoting healthy lifestyles right through to a corporate sports programme. We set up a staff advisory council on health issues in 2010 so that our staff could become actively involved in our health management initiative. The committee comprises 45 employees from nearly all areas of the Bank who discuss work-related health issues on a regular basis.

Aside from physical health, some of our employees have had increased psychosocial problems in their professional and private lives in the past few years, which is why we now offer rapid and comprehensive support through our Employee Assistance Programme. Experts from our partner dbgs GesundheitsService GmbH offer telephone counselling for our staff on work-related issues, but also provide support on family and relationship issues. If necessary, they refer them to specialists, such as clinics or doctors. We also have counsellors for family members who live with our employees.

We also support all staff who wish to take part in sport after work through a range of corporate sport programmes.

Using diversity productively, supporting staff

We operate in an environment with extensive competition and heterogeneous business relationships. Under these conditions, there would almost be nothing less conducive to innovation than a team who all thought and acted the same way. Only when diverse talents, experiences and life situation come together in a team can the wishes of our different customers be fully recognized and successfully implemented. In order to support and get the best out of our diverse range of employees, we have had an active diversity management programme in place for many years with which we support our staff in the various phases of their lives.

Measures that help combine family life with a career are the cornerstone of our diversity management. We support staff who are either on maternity or parental leave with a wide range of measures so that parents can remain in touch and return to work easily. We also further expanded our childcare services at 20 locations across Germany in 2010. Overall, the Bank makes 220 full-time places available for nursery and kindergarten children.

In early 2010, we launched our "Women in management positions" project on behalf of the Board of Managing Directors. Women represent 50% of our workforce, but in term of management positions, only account for between 4.7% of level one and 29% of level four. We are looking to significantly increase these percentages to ensure that over the long term, Commerzbank has the strongest management team possible and can harness all the talent at our disposal. The measures under this project include a bank-wide internal mentoring programme, increasing the proportion of female observers at our foreign selection audits for managers, bank-internal career days, diversity training for all managers and a semi-annual management report on how successful the project has been in its implementation.

However, diversity is not something that is merely planned and implemented by the HR department. It is much more about actively including our staff in the diversity process.

Remuneration

As a result of the increased significance arising from greater regulatory requirements, employee remuneration is being disclosed for the first time for the 2010 financial year in the form of a separate report. This is being published on the Commerzbank website www.commerzbank.de and in future will be updated once a year.

Remuneration Report

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

Board of Managing Directors

Principles of the remuneration system

The Supervisory Board approved a new remuneration system for the Board of Managing Directors which was introduced retroactively to January 1, 2010, in accordance with Art. 120 (4) of the German Stock Corporation Act (AktG), following approval by the 2010 Annual General Meeting.

The core components of the new remuneration system include a fixed basic annual salary as well as a Short Term Incentive (STI) and a Long Term Incentive (LTI) as variable remuneration components. In line with regulatory requirements, the short-term variable component (STI) was significantly reduced compared with the existing salary model for the Board of Managing Directors. Meanwhile, the fixed salary component and, in particular, the long-term variable component were increased. The long-term component (LTI) is only paid after four years and is reduced in the event of negative performance during this period (penalty or "malus").

The pension arrangements for the members of the Board of Managing Directors, which comprise another remuneration component, remained unchanged in the new remuneration system.

SoFFin made the granting of stabilization measures conditional upon the remuneration of the members of the Bank's boards not exceeding €500,000 per annum per member for the financial years January 1, 2008 to December 31, 2008 and January 1, 2009 to December 31, 2009 in respect of the duties they carried out for the Group (SoFFin cap). The Supervisory Board decided that this cap will continue to apply in 2010 to the total monetary remuneration of the individual members of the Board of Managing Directors, i.e. their fixed basic annual salaries, short-term incentives and long-term incentives, if the fixed interest payment on the profit participation rights attaching to SoFFin's silent participations is not paid in full in 2010. Pension entitlements are not subject to this cap, nor are non-monetary elements, provided they are of the same type and not greater than they were prior to November 1, 2008, and that the total remuneration is not inappropriate.

Fixed remuneration components

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

The fixed basic annual salary, which is paid in twelve equal monthly amounts, is €750,000. The appropriateness of the fixed basic annual salary is checked at regular two-year intervals. Since the fixed interest payment on the profit participation rights attaching to SoFFin's silent participations was not paid in 2010, the basic annual salary for the year 2010 was limited to €500,000.

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

Performance-related remuneration

The new remuneration system includes performance-related variable remuneration components in the form of a Short Term Incentive (STI) and a Long Term Incentive (LTI).

Since the total monetary remuneration of members of the Board of Managing Directors for 2010 has been capped at €500,000 per year, the performance-related variable remuneration components for 2010 will not be paid.

Short Term Incentive (STI)

The STI runs for one year. It consists of two equally weighted components: one linked to economic value added (EVA)[1] (STI EVA component) and one based on the individual performance of the member of the Board of Managing Directors (STI performance component). The overall STI target is €250,000, and the targets for the individual components €125,000 each. The target figures are paid out in each case when 100% of goals have been achieved; goal achievement can range from 0% to 200%. The payment is made at the end of the one-year period and can range from €0 to €250,000 for each of the two components.

STI EVA component

For the STI EVA component, the Supervisory Board sets a target amount for the Group EVA after tax prior to the beginning of the financial year; this amount corresponds to a goal achievement of 100%. The Supervisory Board also determines which EVA amounts correspond to which goal achievements. As a rule, investors' capital is incorporated into the basis for calculating EVA. This component will first be used in 2012.

STI performance component

The individual performance of each member of the Board of Managing Directors is assessed from an overall perspective using criteria determined by the Supervisory Board prior to the beginning of the financial year in question. Until the end of 2011, this qualitative STI performance component is the sole element used as the basis for measurement; until then, its target is €250,000 per annum.

Long Term Incentive (LTI)

The LTI runs for four years. It consists of two equally weighted components: one linked to economic value added (EVA) (LTI EVA component) and the other based on stock performance (LTI equity component). The overall LTI target is €750,000, and the targets for the individual components are €375,000 each. The target figures are paid out in each case when goals have been 100% achieved. The target achievement may range between 0% and 200%; hence payment for each of the two components lies between €0 and €750,000. The LTI EVA component includes a penalty or "malus" clause. A prerequisite for the LTI is that the individual member of the Board of Managing Directors makes a long-term personal investment in Commerzbank shares of €350,000. Up until the personal investment target has been reached, 50% of net payments from the LTI must be invested in Commerzbank shares.

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

LTI equity component

The payout sum of the LTI equity component is calculated based firstly on the relative total shareholder return (TSR) performance of Commerzbank (compared with the TSR performance of other banks in the EURO STOXX Banks Index) and secondly on the absolute price performance of Commerzbank shares. Prior to the commencement of the LTI term, the Supervisory Board specifies the number of Commerzbank shares for which the market value is paid out upon 100% goal achievement following the end of the four-year LTI term. The Board also defines which TSR-related ranking of Commerzbank (compared with the other relevant banks) corresponds to which goal achievements. The relative TSR performance thus determines the number of virtually assigned shares; the absolute price performance of Commerzbank shares during the LTI term determines their value, which is paid out in cash after four years.

LTI EVA component

The target figures of the EVA-based LTI component are set by the Supervisory Board in advance for the entire LTI term and may differ for the individual years over the term. The Supervisory Board also defines in advance which EVA amounts correspond to which goal achievements. The goal achievement is set each year during the four-year LTI term; the goal achievement for the individual years can generally lie between -100% and +200%; the goal achievement until the end of 2011 can fluctuate between 0% and 200%. The Supervisory Board calculates the average goal achievement and resulting payment following the end of the four-year LTI term. Due to the potentially negative goal achievement in the individual years of the LTI term, the model includes a penalty element.

The achievement of goals is measured on a straight-line basis in the STI and LTI. In the event of exceptional developments at the bank that may have a considerable impact on the achievability of STI or LTI target figures, the Supervisory Board can neutralize any positive or negative impact by adjusting the targets.

Long-term performance plans

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

The members of the Board of Managing Directors now participate only in the ongoing LTPs for 2006 and 2007. The potential remuneration stemming from participation in the LTPs may differ considerably from the fair values stated in the notes or could even be zero as the final payout amounts are not fixed until the end of the term of each LTP. Potential remuneration from the 2006 and 2007 LTPs are not offset against the SoFFin cap, as the LTPs are paid out for performance in the year in which they were issued.

No LTP payments were made in the year under review.

Remuneration of the Chairman of the Board of Managing Directors
Under the new remuneration system, the fixed basic annual salary and the target figures for the variable remuneration components for the Chairman of the Board of Managing Directors are set at 1.75 times the amounts specified for members of the Board. At the request of the Chairman of the Board of Managing Directors, this rule is not being applied until the end of his current term of office on October 31, 2011.

Remuneration for serving on the boards of affiliated companies
The remuneration accruing to an individual member of the Board of Managing Directors from serving on the boards of affiliated companies counts towards the total remuneration paid to that member of the Board of Managing Directors. Any offsetting takes place on the designated payment date following the Annual General Meeting that approves the financial statements for the financial year in which the member of the Board of Managing Directors received the Group payments.

Remuneration for serving on the boards of consolidated companies paid in any given financial year will count in full against the SoFFin cap of the previous year. For this reason, this remuneration is allocated to the previous year in the table under "Summary". If the remuneration for serving on the boards of consolidated companies results in a member of the Board of Managing Directors receiving total monetary remuneration in excess of €500,000, it is transferred to Commerzbank.

Pensions
The rules governing pensions for the members of the Board of Managing Directors have remained unchanged by the new remuneration system and in 2010 will continue to pertain to the basic salary for the 2009 financial year.

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

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

The pension consists of 30% of €480,000 or €760,000 for the Chairman of the Board of Managing Directors (the basic salary before the introduction of the new remuneration system) after the first term of office, 40% after the second and 60% after the third term of office. The pensions are reduced in line with the statutory provisions on company pensions if members of the Board of Managing Directors leave the Board before their 62nd birthday. Vesting of pension rights is also based on the statutory provisions on company pensions.

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

Pension payments to members of the Board of Managing Directors are raised by 1% per annum. Under certain circumstances an increase in excess of this level will be considered, but there is no automatic right to any such increase.

The following table lists the pension entitlements of the active members of the Board of Managing Directors in the financial year 2010:

€1,000	Pension entitlements Projected annual pension at pensionable age As of 31.12.2010[1]	Cash value of pension entitlements As of 31.12.2009[1]
Martin Blessing	456	2,467
Frank Annuscheit	288	761
Markus Beumer	288	639
Dr. Achim Kassow	288	1,308
Jochen Klösges	288	402
Michael Reuther	288	1,345
Dr. Stefan Schmittmann	288	964
Ulrich Sieber	288	349
Dr. Eric Strutz	288	1,442
Martin Zielke	288	54
Total		**9,731**

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

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

The surviving dependant's pension for a spouse amounts to 66 2/3% of the pension entitlement of the member of the Board of Managing Directors. If no widow's pension is paid, minors or children still in full-time education are entitled to an orphan's pension amounting to 25% each of the pension entitlement of the member of the Board of Managing Directors, subject to a maximum overall limit of the widow's pension.

The assets backing these pension obligations have been transferred under a contractual trust arrangement to Commerzbank Pension Trust e.V. These pension assets covered the majority of Commerzbank Aktiengesellschaft's pension obligations to the members of its Board of Managing directors as at December 31, 2010, so that in numerical terms only an insignificant portion of the provisions formed for pension obligations relates to current members of the Board. In the year under review, no assets were transferred to Commerzbank Pension-Trust e.V.

As of December 31, 2010, defined benefit obligations for active members of the Board of Managing Directors of Commerzbank Aktiengesellschaft amounted in total to €9.7m (see table detailing individual entitlements).

Change of control

The new remuneration system for the Board of Managing Directors for 2010 contains no change of control clauses. In cases where the previous contracts of employment of individual members of the Board of Managing Directors still contained change of control clauses, the latter expire at the end of the current term of office of the member concerned.

Where change of control clauses still apply, the member of the Board of Managing Directors is entitled to terminate his or her contract of employment. If the member of the Board of Managing Directors utilizes this right to terminate his or her contract, they are entitled to compensation for the remainder of their term of office equal to 75% of their average total annual pay plus a severance payment equal to their average total annual remuneration for two to four years. The compensation and severance payment taken together may not exceed the average total annual remuneration for five years or the average total annual remuneration for the period up to the board member's 65th birthday. Following his or her term of office, the board member has pension entitlements. The termination of the contract of employment is only effective if the Supervisory Board agrees that there is grave cause for termination. Furthermore, there is no entitlement to severance pay if members of the Board of Managing Directors receive payments in connection with a change of control from the majority shareholder, the controlling company or – in the event of a merger or acquisition – the new legal entity.

The contracts of employment of Mr. Klösges, Mr. Reuther, Mr. Sieber and Mr. Zielke contain no change of control clauses; in the case of Mr. Annuscheit and Mr. Beumer, these clauses expired on December 31, 2010 at the end of their most recent term of office. For Dr. Schmittmann, the compensation and severance payment taken together may not exceed either the average total annual remuneration for the last three years or 150% of the total remuneration due for the residual term of office at the date of the termination of the employment contract.

Other regulations

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

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

If the contract of employment is terminated for reasons other than the linked clause described above, the fixed basic annual salary will continue to be paid – on a pro-rata basis where applicable – until the end of the contract of employment. The STIs and LTIs awarded for financial years prior to the termination of the contract of employment remain unaffected. The STI and LTI payments for the final year in office, to be calculated at the end of the term, are reduced on a pro-rata basis.

If the Bank terminates the term in office prematurely or does not extend the appointment at the end of the term in office due to circumstances that fulfil the requirements of Art. 626 of the German Civil Code, there is no longer any entitlement to STIs and LTIs awarded for the financial year in which the term of office was terminated, and no STIs or LTIs will be paid.

Any amounts paid for the time after the effective termination of the term of office may not exceed two years' annual remuneration (cap). Payments relating to STIs and LTIs awarded for the financial year in which the term of office was terminated also count towards the cap on a pro-rata basis.

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

Summary

Total remuneration of the individual members of the Board of Managing Directors for 2010 is shown below, along with the comparative figures from 2009. Contrary to last year, we also show the interest rate-adjusted change in the net present value of pension entitlements as a post-employment benefit expense of the Bank.

€1,000		Short-term employee benefits	Termination benefits	Payout under share-based remu-neration plan[4]	Total remu-neration	Post-employment benefit expense[5]
Martin Blessing	2010	617		–	617	197
	2009	572		–	572	123
Frank Annuscheit	2010	603		–	603	227
	2009	545		–	545	102
Markus Beumer	2010	547		–	547	191
	2009	602		–	602	101
Wolfgang Hartmann	2010[2]	–		–	–	–
	2009[1]	232		–	232	18
Dr. Achim Kassow	2010	572		–	572	111
	2009	564		–	564	65
Jochen Klösges	2010	566		–	566	240
	2009[1]	298		–	298	418
Bernd Knobloch	2010[2]	–	–	–	–	–
	2009[2,3]	–	1,113	–	1,113	–
Michael Reuther	2010	575		–	575	278
	2009	575		–	575	185
Dr. Stefan Schmittmann	2010	555		–	555	413
	2009	535		–	535	274
Ulrich Sieber	2010	563		–	563	210
	2009[1]	308		–	308	449
Dr. Eric Strutz	2010	595		–	595	118
	2009	521		–	521	72
Martin Zielke	2010[1]	82		–	82	52
	2009[2]	–		–	–	–
Total	**2010**	**5,275**	**–**	**–**	**5,275**	**2,037**
	2009	**4,752**	**1,113**	**–**	**5,865**	**1,807**

[1] Pro rata temporis from the date of appointment or up to the date of departure from the Board.
[2] Not members of the Board during the years shown.
[3] In 2009 Mr Knobloch received €1,113,000 on the basis of the severance agreement concluded with him.
[4] No LTP was paid out in 2010.
[5] Interest rate-adjusted change in the partial (2009) and settlement (2010) amounts of pension entitlements as well as employers' contribution to BVV retirement fund and the state pensions.

Total remuneration of the members of the Board of Managing Directors including the post-employment benefit expense of the Bank was €7,312,000 (2009: €7,672,000).

The following table shows the components of short-term benefits. These comprise basic salary, variable remuneration, remuneration for serving as a director at companies consolidated in the Group financial statements of Commerzbank Aktiengesellschaft and other remuneration of individual members of the Board of Managing Directors. The "Other" column includes normal benefits in kind (chiefly use of company cars and insurance plus the tax and social security payments due on these).

No variable remuneration was paid for 2009 or 2010.

€1,000		Basic salary	Variable remuneration[3]	Remuneration for serving on boards[4]	Reduction further to SoFFin-Cap[4]	Total monetary remuneration	Other[6]	Total short-term employee benefits
Martin Blessing	2010	500	–			500	117	617
	2009	500	–	–	–	500	72	572
Frank Annuscheit	2010	500	–			500	103	603
	2009	480	–	23	– 3	500	45	545
Markus Beumer	2010	500	–			500	47	547
	2009	480	–	12	–	492	110	602
Wolfgang Hartmann	2010[2]	–	–	–	–	–	–	–
	2009[1]	200	–	–	–	200	32	232
Dr. Achim Kassow	2010	500	–			500	72	572
	2009	480	–	124	– 104	500	64	564
Jochen Klösges	2010	500	–			500	66	566
	2009[1]	280	–	–	–	280	18	298
Bernd Knobloch	2010[2]	–	–	–	–	–	–	–
	2009[2]	–	–	–	–	–	–	–
Michael Reuther	2010	500	–			500	75	575
	2009	480	–	21	– 1	500	75	575
Dr. Stefan Schmittmann	2010	500	–			500	55	555
	2009	480	–	–	–	480	55	535
Ulrich Sieber	2010	500	–			500	63	563
	2009[1]	280	–	–	–	280	28	308
Dr. Eric Strutz	2010	500	–			500	95	595
	2009	480	–	2	–	482	39	521
Martin Zielke	2010[1]	78	–			78	4	82
	2009[2]	–	–	–	–	–	–	–
Total	**2010**	**4,578**	**–**			**4,578**	**697**	**5,275**
	2009	**4,140**	**–**	**182**	**– 108**	**4,214**	**538**	**4,752**

1 Pro rata temporis from the date of appointment or up to the date of departure from the Board.
2 Not members of the Board during the years shown.
3 Payable in the following year subject to approval of the annual financial statements.
4 Remuneration for serving on the boards of Group companies paid in the financial years 2009 and 2010 will be offset against the SoFFin cap of the previous year and has therefore been allocated to the previous year in the table..
5 The heading "Other" includes non-monetary benefits granted in the year under review and employer's social security contributions, plus tax due on non-monetary benefits.

Loans to members of the Board of Managing Directors

Members of the Board of Managing Directors have been granted cash advances and loans with terms ranging from on demand to a due date of 2038 and at interest rates ranging between 2.8% and 5.5%, and in selected instances overdrafts at rates up to 10.7%. Loans are secured on a normal market basis, if necessary through land charges and rights of lien.

As at the reporting date, the aggregate amount of loans granted to members of the Board of Managing Directors was €2,647,000 compared with €2,304,000 in the previous year. With the exception of rental guarantees Commerzbank Aktiengesellschaft did not have any contingent liabilities relating to members of the Board of Managing Directors in the year under review.

Supervisory Board

Principles of the remuneration system and remuneration for financial year 2010

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

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

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

As Commerzbank will not pay a dividend in 2010, variable remuneration is not payable for the financial year 2010. The members of the Supervisory Board therefore received total net remuneration of €1,563,000 for the financial year 2010 (previous year: €1,681,000). The fixed remuneration and remuneration for committee memberships accounted for €1,240,000 of this figure (previous year: €1,240,000) and attendance fees for €323,000 (previous year: €441,000). The value added tax of €278,000 (previous year: €293,000) payable on the remuneration of the members of the Supervisory Board is reimbursed by Commerzbank Aktiengesellschaft. The total remuneration of the members of the Supervisory Board was therefore €1,841,000 (previous year: €1,974,000). The remuneration is divided between the individual members of the Supervisory Board as follows:

€1,000	Fixed remu-neration	Variable remu neration	Total	Attend ance fee	VAT[1]	Total
Klaus-Peter Müller	200.0	–	200.0	28.5	43.4	271.9
Uwe Tschäge	100.0	–	100.0	21.0	23.0	144.0
Hans-Hermann Altenschmidt	80.0	–	80.0	24.0	19.8	123.8
Dott. Sergio Balbinot	40.0	–	40.0	7.5	–	47.5
Dr.-Ing. Burckhard Bergmann	40.0	–	40.0	10.5	9.6	60.1
Herbert Bludau-Hoffmann	40.0	–	40.0	6.0	8.7	54.7
Dr. Nikolaus von Bomhard	40.0	–	40.0	9.0	9.3	58.3
Karin van Brummelen	60.0	–	60.0	24.0	16.0	100.0
Astrid Evers	40.0	–	40.0	12.0	9.9	61.9
Uwe Foullong	40.0	–	40.0	10.5	9.6	60.1
Daniel Hampel	40.0	–	40.0	12.0	9.9	61.9
Dr.-Ing. Otto Happel	40.0	–	40.0	10.5	–	50.5
Sonja Kasischke	40.0	–	40.0	10.5	9.6	60.1
Prof. Dr.-Ing. Dr.-Ing. E. h. Hans-Peter Keitel	60.0	–	60.0	21.0	15.4	96.4
Alexandra Krieger	40.0	–	40.0	12.0	9.9	61.9
Dr. h. c. Edgar Meister	80.0	–	80.0	27.0	20.3	127.3
Prof. h. c. (CHN) Dr. rer. oec. Ulrich Middelmann	60.0	–	60.0	21.0	15.4	96.4
Dr. Helmut Perlet	100.0	–	100.0	28.5	24.4	152.9
Barbara Priester	40.0	–	40.0	12.0	9.9	61.9
Dr. Marcus Schenck	60.0	–	60.0	15.0	14.2	89.2
Total 2010	**1,240.0**	**–**	**1,240.0**	**322.5**	**278.3**	**1,840.8**
Total 2009	**1,240.0**	**–**	**1,240.0**	**441.0**	**292.8**	**1,973.8**

[1] Because they are resident outside Germany VAT is not due for Dr. Happel and Dr. Balbinot and instead German income tax and solidarity surcharge is retained.

Members of the Supervisory Board once again provided no advisory, intermediary or other personal services in 2010. Accordingly, no additional remuneration was paid.

Loans to members of the Supervisory Board

Members of the Supervisory Board have been granted loans with terms ranging from on demand up to a due date in 2040 and at interest rates ranging between 3.8% and 7.7%, and, in individual instances, up to 10.7% for overdrafts. In line with market conditions, some loans were granted without collateral, e.g. against land charges or rights of lien.

As at the reporting date, the aggregate amount of loans granted to members of the Supervisory Board was €417,000 compared with €577,000 in the previous year.

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

Other details

D&O liability insurance

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

Purchase and sale of the Company's shares

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

In 2010, no members of Commerzbank's Board of Managing Directors and Supervisory Board reported directors' dealings in Commerzbank shares or derivatives thereon, apart from the following disclosure[2]:

Date	Disclosing party	Relation	Participant	Purchase/ sale	No. of shares	Price (€)	Transaction volume (€)
24.2.2010	Sulmana Vermögensverwaltung GmbH Person initiating the disclosure requirement: Prof. Dr.-Ing. Dr.-Ing. E. h. Hans-Peter Keitel		Member of Supervisory Board	P	3,000	5.439	16,317.00

All told, the Board of Managing Directors and Supervisory Board held no more than 1% of the issued shares and option rights of Commerzbank Aktiengesellschaft on December 31, 2010.

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

Information pursuant to Art. 289 of the German Commercial Code

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

Structure of the share capital

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

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

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

Powers of the Board of Managing Directors

According to the terms of Annual General Meeting resolutions from May 19, 2010, Commerzbank is authorized to acquire its own shares in the amount of up to 5% of the share capital pursuant to Art. 71 (1) (7) of the German Stock Corporation Act. This authorization expires on May 18, 2015.

The Board of Managing Directors, with the approval of the Supervisory Board, is authorized to increase the share capital by a total of €1,535,000,000.00 by issuing new shares under Art. 4 (3) (Authorized Capital 2010) of the Articles of Association applicable on December 31, 2010.

Moreover, the Annual General Meeting on May 19, 2010 has given the Board of Managing Directors the authority to issue convertible bonds or bonds with warrants and/or profit-sharing certificates (both with and without conversion or option rights) with the possibility of excluding shareholders' pre-emptive rights. Conditional capital of up to €702,000,000.00 is available for this purpose according to Art. 4 (4) of the Articles of Association (Conditional Capital 2010/I). Furthermore, as resolved by the Annual General Meeting of May 2009, the capital was conditionally increased by up to €390,000,000.00 under Article 4 (5) of the Articles of Association and by up to €355,666,667.20 under Article 4 (6) of the Articles of Association (Conditional Capital 2009 and Conditional Capital 2010/II). The Conditional Capital 2009 and Conditional Capital 2010/II exist to enable the issuance of shares in the event of the exercise of conversion rights by the Financial Market Stabilization Fund.

For details of the authorized capital increase and conditional capital increase, particularly regarding maturities and terms and conditions of exercise, please refer to the explanations in Notes 28 und 29.

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

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

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

Change of control clauses

The new remuneration system for the Board of Managing Directors introduced for 2010 contains no change of control clauses. In cases where the previous contracts of employment of individual members of the Board of Managing Directors still contained change of control clauses, the latter expire at the end of the current term of office of the member concerned.

Where change of control clauses still apply, the member of the Board of Managing Directors is entitled to terminate his or her contract of employment in the event that a shareholder acquires at least a majority of the voting rights represented at the Annual General Meeting, or that an affiliation agreement is signed with Commerzbank as a dependent entity, or in the event of Commerzbank being merged or taken over (change of control). If the member of the Board of Managing Directors utilizes this right to terminate his or her contract and the Supervisory Board accepts their resignation from the Board of Managing Directors or if, in connection with the change of control, their membership of the Board ends for other (i.e. defined) reasons, they are entitled to compensation for the remainder of their term of office equal to 75% of their average total annual pay (basic salary and variable bonus) plus a severance payment equal to their average total annual remuneration for two to four years. The compensation and severance payment taken together may not exceed the average total annual remuneration for five years or the average total annual remuneration for the period up to the board member's 65^{th} birthday. With regard to retirement benefits and long-term performance plans, members of the Board of Managing Directors are essentially treated as if they had remained on the Board of Managing Directors until the end of their current term of office. There is no entitlement to severance pay if members of the Board of Managing Directors receive payments in connection with the change of control from the majority shareholder, the controlling company or the new legal entity in the event of a merger or acquisition.

The contracts of employment of Mr. Klösges, Mr. Reuther, Mr. Sieber and Mr. Zielke contain no change of control clauses; in the case of Mr. Annuscheit and Mr. Beumer, these clauses expired on December 31, 2010 at the end of their most recent term of office. For Dr. Schmittmann, the compensation and severance payment taken together may not exceed either the average total annual remuneration for three years or 150% of the total remuneration due for the residual term of office at the date of the termination of the employment contract.

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

Equity holdings that exceed 10% of the voting rights

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

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

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

The aim of the internal control and risk management system in respect of financial reporting is to ensure that the annual and consolidated financial statements provide a true and fair view of the net assets, financial position and results of operations in accordance with the applicable accounting standards under the German Commercial Code and IFRS. The internal control system and the risk management system at Commerzbank are integrated as regards their methodology and implementation, both with a view to financial reporting. In the following, we shall therefore use the term ICS (internal control system). Details of the risk management system can be found in the risk report on pages 41 to 72.

The aim of proper financial reporting is endangered by risks that affect the financial reporting. Risks are deemed to be the possibility that the objective stated above might not be attained and material information in the financial reporting might be inaccurate. The Bank regards information as material when its absence or misstatement could influence economic decisions taken by those to whom it is addressed, regardless of whether this arises from a single matter or a combination of several.

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

The Commerzbank ICS seeks to provide sufficient certainty that it complies with the relevant legal requirements, that business is conducted in a proper and cost-effective manner and that financial reporting is complete and accurate. It is important to note that despite all measures the Bank may take, the ICS methods and procedures used may offer sufficient certainty but never absolute certainty.

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

Legal basis and guidelines

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

The Bank's internal control system is structured in line with the internationally-recognized framework developed by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). The COSO framework is used at Commerzbank to achieve the following objectives:

- That business processes be effective and efficient;
- That applicable laws and regulations be observed;
- That financial reporting be reliable.

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

Organization

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

- Plan for allocating the business responsibilities of the Board of Managing Directors
- Rules of procedure
- Organization chart
- Business remits of the units
- Job descriptions
- Schedule of approval authorities

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

Responsibility for implementing, executing and applying the Bank's ICS lies primarily with the Board of Managing Directors; as regards the reporting process, this lies with the CFO. The Board of Managing Directors is responsible for structuring the ICS throughout the Bank and demonstrating that it is appropriate, while the CFO is responsible for structuring the controls through appropriate controlling measures, embedding these in processes and ensuring that the ICS is effective for financial reporting. The CFO is responsible for ensuring that the annual and consolidated financial statements are properly prepared.

The Supervisory Board oversees financial reporting, mainly through the Audit Committee set up for this purpose. The responsibilities of the Audit Committee also include ensuring that the auditor is independent, appointing the auditor, setting the focus of the audit and agreeing the fee. During the year Group Audit reports to the Supervisory Board and its appointed committees about the work it has carried out and its material findings.

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

Within GM-F, Accounting Policies & Guidelines is the department responsible for drawing up and communicating Group-wide accounting guidelines. It supports consistent and correct accounting treatment across the Group by drawing up and co-ordinating accounting guidelines. Published guidelines are monitored on an ongoing basis to see if they need updating, which is carried out as required. Regular staff training sessions are also held on relevant issues. This is complemented by more detailed working instructions on the Bank's intranet.

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

Controls to minimize risk

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

The financial reporting process

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

Segment reporting (Private Customers, Mittelstandsbank, Central & Eastern Europe, Corporates & Markets, Asset Based Finance and the Portfolio Restructuring Unit) is done on a separate IT system. This involves reconciliation with the data from accounting.

Monitoring by Group Audit

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

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

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

Initiatives to further enhance the ICS as regards financial reporting

As part of the Dresdner Bank integration, the ICS is being adapted and enhanced to meet the requirements of the new Group. To this end, the internal Control Environment Initiative (CEI) has been implemented at GM-F. The aim of CEI is to manage all risk-related processes by applying a uniform method to report and assess risk. In addition, it seeks to strengthen the ICS in the area of financial reporting by a regular assessment of the effectiveness and efficiency of controls and by regularly checking how controls are implemented.

The CEI is based on a refined version of the GMF “process map”, which is a top-down representation of all key processes with descriptions of procedures. For this, risks affecting the reliability of financial reporting are identified using the COSO framework. The Bank also follows the recommendations of ISA 315. This involves checking whether a risk can be assigned to one of the following three categories and their various aspects:

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

Suitable controls are implemented to minimize the risks identified. For the effectiveness of the ICS it is the design, i.e. the way the controls are structured into appropriate steps and embedded into each process, and the way they are performed at the operating level, that is the decisive factor in minimizing risk. Shortcomings identified by Group Audit as part of its activities are remedied by an action plan. Group Audit monitors that action plans are implemented as scheduled and reports on this to the Board of Managing Directors.

This consistent procedure is intended to ensure that risks are identified, minimized and any faulty developments on the operational side avoided.

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

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

Business and overall conditions

Economic environment

The global economy continued to recover from the financial and economic crisis in 2010. Global GDP grew by an average for the year of around 4.5%, which was almost as strong as in the pre-crisis years. The drivers of this growth were again the emerging markets in Asia, which were much less affected by the crisis than the industrialized nations, but even the trend in the latter countries pointed upwards once again. Nevertheless, the economy was clearly held back in many countries by the fact that the excesses of the past had to be corrected, particularly in the real estate sector and in consumer and corporate debt levels. As a result, growth in the US economy was no stronger than the average of the past ten years despite massive fiscal and monetary stimulus. Unemployment remained high, causing the US Federal Reserve to ease its monetary policy further in the autumn.

In the eurozone, the government debt crisis was an additional adverse factor. As Greece only managed to stave off insolvency in the spring through loans from other euro countries, more and more investors began to doubt the long-term viability of the public finances of other eurozone countries as well. Consequently, some of the prices of those countries' government bonds fell sharply and their yield premiums against German bunds rose significantly amid strong fluctuations. The subsequent higher funding costs made the long-term outlook for those countries' public finances look even bleaker. Even Ireland had to seek a bail-out at the end of the year, as it required huge resources to prop up its banking system. Although the direct effect of this turbulence on the eurozone's economy was held in check, the sweeping measures taken under pressure from the markets to consolidate the public finances continued to hold back growth in those countries. As a result, economic growth in the eurozone was rather disappointing in 2010 at around 1.7%.

This was compounded by the fact that the performance was largely due to the strong upturn in the German economy alone which, with a rate of 3.6%, saw its strongest growth since reunification. Various factors were decisive here: the past few years have seen no real estate boom or a rise in private or corporate debt in Germany, therefore there was no need for a correction. The same applied to its public finances, where there was much less of a need for consolidation compared to most other eurozone countries. As a result, the German economy benefited fully from good overall conditions, particularly extremely low interest rates and the recovering global economy. Finally, the excellent position of German companies in the rapidly growing emerging markets and the price-driven competitiveness of German products that had improved in the past few years had a positive impact. The upturn was based not only on robust external demand, but also on the fact that companies began investing again on a significant basis. There were also positive trends in retail consumption, although economic output overall still did not reach pre-crisis levels.

The capital markets were primarily dominated by the government debt crisis and subsequent discussions on whether the US economy would fall into recession. Both these factors dragged down yields on 10-year bunds to new record lows of just over 2% before they rose again towards 3% at year-end as fears of recession in the United States began to subside. The improved outlook for the global economy also boosted share prices substantially towards year-end, with the DAX briefly reaching the 7,000 mark, its highest level since mid-2008. The euro had its ups-and-downs, depending on whether concerns focused on the US economy or on the government debt crisis. Overall, however, it lost significant ground against the dollar.

Sector environment

The environment for banks in 2010 was also dominated by a consolidation and stabilization phase after the financial crisis, with the sector's profitability situation improving slightly. In the first half of the year, the median return on equity for major European banks was around 8% according to ECB figures. It was still close to 3% in 2009 and around 2% in 2008. The main reasons for the increased profitability of many banks were lower loan loss provisions and higher interest rate margins. Improved efficiency and cost savings also played a part.

The increase in profitability meant that many banks repaid government aid or investment capital, which led to some very large-scale capital increases on the market. In the last few quarters, banks also reduced their leverage, i.e. the ratio of total assets to equity, and improved capital ratios worldwide, according to ECB analyses. The market is demanding greater capital adequacy in the banking industry. Legislators worldwide are also pressing for stricter capital adequacy and better liquidity regulations in the banking sector through legislative measures. The sector can expect a range of tighter regulatory controls under Basel III. Direct industry-specific levies, such as the banking tax in Germany, have been introduced. Sector-specific operating conditions are becoming tougher at both the national and international level. Commerzbank too has been de-leveraging and improving its capital ratio.

The highly intensive competitive situation in Germany's banking industry is reflected in a variety of segments.

Despite banks' funding terms improving in 2010 compared to the two previous years, banks nationally and internationally were competing aggressively to secure deposits as funding. It was also apparent to us, as to most other German banks, that private customers were somewhat reluctant to buy securities products. In corporate customer business, the banking industry benefited from improved lending margins and Germany's high economic growth. Investment banking made a largely positive contribution to bank results in 2010. This was the case for both the sector as a whole and for Commerzbank. However, the ECB reported that bank trading profits deteriorated again in the second and third quarters of 2010 due to greater market volatility and lower trading activities. In real estate finance, developments in Europe's real estate markets were varied. Some countries such as Ireland were badly hit by the crisis, but others such as France saw a positive development. Concerted political moves prevented the international debt crisis in European peripheral countries from escalating in 2010. This meant that the effects on the banking sector were not serious, although the budget and debt problems of some European countries remain a risk factor for the entire sector.

Important business policy events

Focus on core business

Commerzbank also made further progress in 2010 in concentrating on its core business and complying with EU requirements. We sold the companies listed below following approval from the supervisory authorities:

At the beginning of February, both the sale of the remaining shares in Austrian Privatinvest Bank AG held by Commerzbank to Zürcher Kantonalbank and the sale of the Dutch asset manager Dresdner VPV to the management were completed. Privatinvest Bank AG was previously held by Reuschel & Co. Privatbankiers, with its head office in Salzburg and a branch in Vienna. Its business activities include financial planning, asset management and liquidity management. As at the end of June 2009, Privatinvest Bank AG employed around 50 staff and had assets under management of approximately €600m. As at the end of 2008, Dresdner VPV employed about 60 staff and had €1.2bn in assets under management.

At the end of March, Commerzbank completed its sale of Dresdner Van Moer Courtens and the Belgium branch of its subsidiary Commerzbank International S.A. Luxembourg (CISAL), which focuses on affluent private customers, to the management of Dresdner Van Moer Courtens. Dresdner Van Moer Courtens concentrates on wealthy private customers and securities trading. At the end of 2009 the two institutions together managed assets of €630m and employed 45 staff. The Brussels branch of Commerzbank Aktiengesellschaft Frankfurt, which specializes in the corporate customer segment, will continue to be run by Commerzbank.

At the beginning of June Commerzbank sold its subsidiary Commerzbank International Trust Singapore (CITS) to the Trident Trust Group. CITS specializes in fund management and fiduciary services for private and corporate clients. At the end of 2009 it managed assets of €930m. Commerzbank's other activities in Singapore have not been affected by the transaction.

At the beginning of July Commerzbank completed the sale of its Kleinwort Benson operations to Beteiligungsgesellschaft RHJ International. The transaction involved the sale of the companies Channel Islands Holdings Limited and Kleinwort Benson Private Bank Limited, specialists in asset management and fiduciary transactions in the UK and Channel Islands. At the end of 2009 their Wealth Management units had assets under management of some GBP5.6bn (€6.3bn) and employed more than 600 staff. Commerzbank's investment banking activities, comprising the investment banking arm of the former Dresdner Kleinwort and Commerzbank Corporates & Markets activities, were unaffected by the transaction.

In July Commerzbank AG also sold its subsidiary Allianz Dresdner Bauspar AG (ADB), a savings and loan specialist, to Wüstenrot Bausparkasse AG. Commerzbank and Wüstenrot also agreed a long-term exclusive distribution venture for savings and loan products which came into effect on September 2, 2010. Wüstenrot's products are attractive for Commerzbank's customers and will strengthen the Bank's position in the market. As at the end of 2009, Allianz Dresdner Bauspar had total deposits of €21bn and employed a staff of approximately 350.

At the beginning of September, Commerzbank completed the sale of Dresdner Bank Monaco S.A.M. to Lebanon's Bank Audi sal-Audi Saradar Group. Dresdner Bank Monaco S.A.M. is active in affluent private customer business, focussing on Monaco, southern France and northern Italy. At the end of 2009, it had assets under control of €251m and employed 19 staff.

At the end of 2010 Commerzbank sold its subsidiary montrada GmbH, which specializes in the processing of card payments, to the Dutch firm Equens SE. Commerzbank and Equens have also signed an agreement for a five-year exclusive sales partnership for card-based payment products, including cash withdrawals from ATMs for Master and Visa card holders.

The sale of the following company is still subject to official approval:

In mid-September Commerzbank announced the sale of its Brazilian subsidiary Dresdner Bank Brasil S.A. Banco Múltiplo to Canada-based Scotiabank. The background to the transaction is Commerzbank's strategic realignment, which also involves the divestment of non-core activities. Based in São Paulo, Banco Múltiplo is mainly focused on activities in investment banking business. he Commerzbank representative office in São Paulo, which primarily supports the Bank's corporate customers with trade finance services and payment products, will not be affected by the transaction. Similarly unaffected is Commerzbank's Brazilian investment banking arm, with its activities in equity derivatives, commodities, currency and bond trading for private banks and institutional clients.

Capital measures at BRE Bank and Bank Forum

On March 1, 2010, Poland's BRE Bank announced a capital increase with an inflow of funds of 2bn Polish zloty (approximately €500m) which was approved at BRE Bank's annual general meeting in Warsaw on March 30, 2010. Commerzbank exercised its subscription rights fully in the planned capital increase of BRE Bank, in which it holds around 69.8% of shares.

At the beginning of March 2010, Commerzbank acquired a further 26.3% holding in Ukraine's Bank Forum, thereby increasing its stake to 89.3%. The shares derive from the indirect ownership of a former minority shareholder which is no longer a shareholder following the sale of this stake. The parties have agreed to maintain confidentiality about the purchase price and other details. The shareholders of Bank Forum approved a capital increase of 2.42bn Ukrainian hryvnia (approx. €240m) at an extraordinary shareholders' meeting on March 4. This has increased Commerzbank's stake in Bank Forum to 94.5%. At Bank Forum's general meeting on October 14, 2010, shareholders voted in favour of a further capital increase of 1.5bn Ukrainian hryvnia (approximately €134m). Commerzbank participated in the capital increase in proportion to its holding.

Earnings performance, assets and financial position

Income statement

For the 2010 financial year, Commerzbank Aktiengesellschaft made a net loss of €1,151m following a net loss of €7,576m the previous year. The loss for 2010 was offset against withdrawals from retained earnings in the same amount, producing a net distributable profit for the 2010 financial year of €0.0. This ensures that hybrid capital instruments coupled to Commerzbank Aktiengesellschaft's net distributable profit under the German Commercial Code will not be written down. No dividend will be paid out for 2010.

The loss for 2010 is primarily the result of necessary impairment losses on investments in subsidiaries and associates, which are reflected in expenses from the transfer of losses, and from the impact of the first-time application of the requirements under the German Accounting Law Modernization Act (BilMoG)

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

Net interest income, which is the balance of interest income less interest expense – including current income from equities, investments in associates and holdings in affiliated companies and as well as subsidiaries with profit-and-loss transfer agreements – was down by €1,831m year-on-year to €5,126m. This decrease can be attributed in particular to a clear drop in income from profit-and-loss transfer agreements with subsidiaries, which fell €785m to €93m. The main factor behind this development was the high level of prior-year income produced by sales of interests in subsidiaries. A similar contraction was witnessed in current income from equities, investments in associates and holdings in affiliated companies, which fell by around 61% year-on-year to €305m in connection with the reduction of non-strategic investments.

Net commission income decreased by 8.6% or €258m compared with the previous year, to €2,731m. The fall in commission income is attributable in particular to customers' reluctance to buy securities and a lower level of income from syndication business year-on-year. The rise in commission expense is related to broader-based commission offsetting within the Group, itself a result of the integration of the former Dresdner Bank.

Net income from the trading portfolio increased €2,658m year-on-year to €1,953m. Approximately half of this change can be attributed to shifts in net interest income due to the first-time application of the requirements under BilMoG. The improvement from operating activities was primarily the result of higher income from structured credit products. Overall, the Bank's trading units benefited from the improvement in conditions on the financial markets versus the prior year.

The balance of other operating income and expenses came to €19m after €-288m in 2009. Other operating income mainly resulted from the release of provisions not related to lending business, with releases pertaining in particular to restructuring measures and variable remuneration as well as to other types of personnel cost provisions.

Operating expenses amounted to €7,004m in the year under review following €7,459m the previous year. As a result of the roughly 2% decrease in the average number of employees from 42,382 in 2009 to approximately 41,614 in the year under review, personnel expense contracted by 3.6% to €3,699m. Other administrative expenses fell by 8.8% to €3,305m over the same period, due primarily to changes in internal service provision processes and service accounting processes resulting from the integration of the former Dresdner Bank.

Depreciation, amortization and impairments of intangible assets and fixed assets decreased by €89m to €250m in the year under review. The decrease was largely attributable to real estate revaluations which had to be reported in the previous year as part of the merger of Dresdner Bank.

Write-downs and valuation allowances on loans and certain securities and allocations to loan loss provisions amounted to €831m after €1,687m in 2009. In the year under review, net income from our securities liquidity portfolio was impacted to a significant degree by realized gains and write-ups, which contrasted with a nearly equivalent level of write-downs. In respect of loan loss provisions, there was a clear drop in the required level of net allocations to specific risks

Income from write-ups on investments in associates, holdings in associated companies and securities accounted for as fixed assets amounted to €4m in 2010. In 2009 write-downs and valuation allowances in an amount of €1,119m were necessary.

Expenses from assuming the losses of subsidiaries with profit-and-loss transfer agreements increased 41.2% year-on-year to €2,891m. A major factor in this strong increase was the loss compensation at Commerzbank Inlandsbanken Holding GmbH, due primarily to a write-down on Eurohypo AG and the assumption of the 2010 loss at our subsidiary Eurohypo AG.

This then produced a result from ordinary business activities amounting to €–1,143m. The extraordinary loss of €220m can be attributed to the expenses and income resulting from the first-time application of the requirements of BilMoG. After tax income of €212m stemming primarily from the retrospective recognition of deferred tax assets abroad, the overall result for 2010 was a loss of €1,151m.

Balance sheet

The financial statements for 2010 were compiled in accordance with the requirements of BilMoG for the first time. The comparison with the prior year which follows, however, is based on the values reported in the balance sheet as at year-end 2009.

Total assets of Commerzbank Aktiengesellschaft remained largely stable in 2010 with a 1% decrease to €624.6bn.

On the assets side, the cash reserve decreased by 14.2% to €6.5bn. Balances held at the Deutsche Bundesbank fell, whereas those with central banks in other countries increased. Claims on banks witnessed a year-on-year increase – caused primarily by cash collaterals – of 7.7% to €180.2bn. In contrast, claims on customers fell 11.3% to €184.2bn, due essentially to the decline from loan receivables and lower level of reverse repos. Bonds, notes and other interest-related securities declined €63.4bn to €40.0bn. Under the requirements of BilMoG, securities attributable to the trading portfolio were reclassified as assets included in the trading portfolio (item reported for the first time in accordance with BilMoG). The trading portfolio posted a volume of €183.3bn. Other assets amounted to €11.6bn, which represents a drop of €93.5bn. Due to requirements under BilMoG, other assets attributable to the trading portfolio were reclassified as trading portfolio assets. The first-time application of BilMoG likewise had an impact on deferred tax liabilities, with this item increasing by €1.6bn to €2.1bn.

On the liabilities side, liabilities to banks fell by 8.5% to €139.6bn. The fall in liabilities to customers was less pronounced, with a 3.9% drop to €207.9bn, and the decrease was most noticeable within liabilities of up to one year. Securitized liabilities witnessed a substantial drop of 43.7% compared to year-end 2009 to €48.6bn. This development was due in particular to a maturity-related reduction in the bonds, notes and money market instruments issued. Trading portfolio liabilities recorded a volume of €160.3bn. The first-time application of BilMoG also impacted on the trading portfolio on the assets side. No comparable data existed as at year-end 2009.

The clear decrease of €95.5bn in other liabilities to €26.0bn is also attributable to the BilMoG reclassification of liabilities from trading derivatives to the trading portfolio. Subordinated liabilities contracted by €0.9bn year-on-year to €11.2bn, whereas profit-sharing certificates dropped by €0.3bn to €1.0bn. Off-balance-sheet liabilities also declined year-on-year: contingent liabilities fell by 5.1% to €36.2bn and irrevocable lending commitments by 16.9% to €59.6bn.

Capital and reserves

Reported equity in the balance sheet of Commerzbank Aktiengesellschaft as at December 31, 2010, was 2.2% or €496m higher year-on-year at €23.2bn, primarily as a result of positive effects from the first-time application of BilMoG, which offset part of the loss recorded for the year.

Subscribed capital remains practically unchanged at €21.1bn. It contains share capital of €3.0bn, which has changed only marginally versus 2009. The reason for the slight reduction was the BilMoG-related deduction of the nominal amount of treasury shares held (€24m) from subscribed capital. Within subscribed capital, the silent participation from SoFFin remained at €16.4bn. Similarly unchanged was the silent participation from Allianz at €750m. Both participations receive interest at a rate of 9%, provided Commerzbank Aktiengesellschaft presents a net distributable profit under the German Commercial Code. Commerzbank made no earnings-related payments in respect of the silent participations for 2010. The participation of HT1 Funding GmbH is also part of subscribed capital; this participation likewise remained unchanged at €842m.

Due to the first-time application of BilMoG, the gains realized on the sale of treasury shares during 2010 resulted in a slight increase of €3m in the capital reserve, which continued to amount of €1.6bn. BilMoG resulted in first-time application effects of €1.7bn in retained earnings. These can be broken down into €0.3bn from imputed interest on long-term provisions and the incorporation of price and cost increases as at January 1, 2010 which were taken through retained earnings with no effect on the income statement. A further €1.4bn came from the capitalization of deferred taxes. This net positive effect from the first-time application of BilMoG was largely absorbed by the loss for the year of €1.2bn, with retained earnings thus amounting to €0.5bn overall.

Since 2007 the Bank has made use of the waiver rule of section 2a KWG, which means it only reports risk-weighted assets and capital ratios for the financial institution group to the supervisory authority. These risk-weighted assets contracted versus year-end 2009 by €12.6bn to €267.5bn. The core capital ratio rose to 11.9%, up from 10.5%. The core Tier 1 ratio, which is important in relation to Basel III, amounted to 10.0%, after a figure of 9.2% in 2009. In accordance with the Capital Requirements Directive (CRD II), the silent participation from Allianz and the participation from HT1 Funding GmbH which was previously accounted for on the basis of hybrid capital are no longer incorporated into the ratio. Both the core capital ratio and the core Tier 1 ratio are well above our mid-range target corridor, which is between 7% and 8% for the core Tier 1 ratio. Our own funds ratio was 15.3% on the reporting date.

Summary of 2010 business position

Even though the loss for 2010 was significantly smaller than that for 2009, we cannot be satisfied with another loss. The valuation allowances which became necessary on the carrying values of investments – and in particular those belonging to Eurohypo AG – clearly made themselves felt on results. The public finance and real estate markets in which Eurohypo AG and Commerz Real AG are active have not yet recovered, with the result that these two companies made clear losses in 2010. Against this backdrop, our earnings expectations could not become a reality. In light of the continuing economic crisis in Ukraine, write-downs were also necessary in connection with our subsidiary Bank Forum. In order to secure the future prospects of Commerzbank, we continued to reduce risks in 2010 and, in particular, pushed ahead with the reorientation of Eurohypo AG and Commerz Real AG.

Report on events after the reporting period

Commerzbank took an important step towards optimizing its capital structure in mid-January 2011. Under an agreement, Credit Suisse Securities (Europe) Limited ("Credit Suisse") acquired from investors hybrid equity instruments or Trust Preferred Securities issued by companies of the Commerzbank Group, in its own name and for its own account, at prices below the nominal value and contributed them as a contribution in kind in exchange for new shares issued from the authorized capital of Commerzbank. On January 13, a syndicate of banks comprising Credit Suisse, Citigroup, Goldman Sachs and UBS placed around 118.1 million shares with institutional investors, the equivalent of 10% less one share of Commerzbank's previous share capital. The Board of Managing Directors and Supervisory Board of Commerzbank adopted the resolutions required for the non-cash contribution on January 21, 2011. The Financial Market Stabilization Fund (SoFFin) maintained its equity interest ratio in Commerzbank of 25% plus one share upon completion of the transaction. In addition, around €221m of SoFFin's silent participations from the conditional capital created at the 2009 Annual General Meeting was converted into approx. 39.4 million shares. These two capital measures mean that the number of Commerzbank shares rose to 1,339 million in total.

On January 18, 2011, Allianz SE, Munich, Germany, informed us that, based on Art. 21 (1) of the German Securities Trading Act, its voting rights in Commerzbank Aktiengesellschaft, Frankfurt am Main, Germany, had fallen below the threshold of 10% on January 17, 2011, amounting to 9.48% on that date.

On February 24, 2011, the rating agency Moody´s downgraded Commerzbank's long-term rating by two levels from Aa3 to A2 with a stable outlook. The Bank Financial Strength Rating (BFSR) was confirmed at C-. The main factors behind the downgrade are, in Moody's view, the deterioration in the financial strength of Eurohypo AG and a change in Moody´s internal methodology, which anticipates an increasingly lower level of systemic support for banks worldwide in the future.

Outlook and opportunities report

Future economic situation

The upturn in the global economy is expected to continue in 2011 at roughly the same pace as in 2010. We can assume that the momentum from the emerging markets will slow down somewhat, but the US economy in particular will grow stronger than last year. Most of the corrections in the real estate and personal finance sectors there seem to be over. Consequently, the increased momentum provided once more by monetary policy should also be reflected in above-average growth.

Real gross domestic product

Year-on-year change

	2010	2011[1]	2012[1]
USA	2.8%	4.0%	3.5%
Eurozone	1.7%	1.7%	1.8%
Germany	3.6%	3.0%	2.5%
Central and Eastern Europe	4.0%	4.4%	4.0%
Poland	3.7%	4.5%	4.2%

[1] The figures for 2011 and 2012 are all Commerzbank forecasts.

In the eurozone, the government debt crisis and the emerging economic differences between member states will probably remain the major issues. There is a danger of more countries having to seek a bail-out from the European Stabilization Fund; the uncertainty on the markets and the yield premiums on government debt of the countries in question are expected to remain high at the very least. As of today, we do not anticipate the default of a eurozone country. The inevitable consolidation of government finances and the ongoing correction of earlier excesses will place a further brake on the economy. As these growth-hampering factors are no longer a major issue in Germany, its economy should increase by an above-average 3% again in 2011. If it does, it will have more than made up for the ground lost after the Lehman bankruptcy. In addition to strongly growing exports and equipment spending, private consumption should gradually provide further support for the upturn.

Apart from the ongoing government debt crisis, the issue concerning the financial markets will be when and to what extent the major central banks will raise key interest rates. The ECB has flagged that due to increased inflationary risks, it will raise interest rates already in April. We are assuming that further moderate interest rate hikes will ensue. The Fed is likely to follow suit in 2012, if the unemployment rate in the US has further decreased. In view of the continuing upturn in the global economy – and also in the basic scenario of slowly approaching interest rate hikes by the central banks – yields on long-dated government bonds should continue to rise.

However, the euro is expected to suffer from continuing uncertainty about the long-term prospects for currency union. In addition the expectation that the Fed will raise interest rates more than the ECB even if it starts its hikes later, should support the dollar. Consequently, the euro is expected to fall against the US dollar in the medium term.

Exchange rates

	31.12.2010	31.12.2011[1]	31.12.2012[1]
Euro/dollar	1.32	1.32	1.27
Euro/sterling	0.83	0.83	0.81
Euro/zloty	3.95	3.70	3.62

[1] The figures for 2011 and 2012 are all Commerzbank forecasts.

Future situation in the banking sector

Commerzbank's economic assessment is extremely positive. We expect GDP in the eurozone to be 1.7% and 1.8% in 2011 and 2012 respectively. As Commerzbank is well positioned in German Mittelstand and private customer business, it should benefit in particular from economic growth in Germany.

Despite the improved economic expectations, the Bank is slightly more cautious about microeconomic trends in the banking industry. The outlook for the sector is rather restricted in some areas of banking business. Banks are also faced with risks and pressure factors.

Near-term growth prospects for the sector, particularly for new lending, are somewhat subdued as many governments and private households in Europe are having to deleverage. However, there are differences between countries. In Germany the market has not so far perceived any signs of excessive debt. The loan loss provisions of some banks significantly decreased in 2010. We expect this downward trend to continue until 2012 for the banking sector as a whole. The growth prospects for banks' net trading income are also fairly limited in the short term, leaving bond issuance aside, but it is possible at the moment for investment banking to become profitable again in general terms.

We also assume that competition for private customer deposits will intensify in the next few years. This means that margins will remain under pressure in this area. Many banks are reducing their funding through the interbank market. New participants are also entering the deposit business, with a number of foreign banks adopting a relatively aggressive approach in their deposit terms. Competition is correspondingly intense. We will not take part in this, and not just because of the EU Commission's requirements in connection with the SoFFin investment that prevent us from assuming "price leadership" on the terms we offer our customers.

Banks' leverage, i.e. the ratio of their total assets to equity capital, fell throughout the sector in the past few years. This will stay low and is likely to limit earnings growth in the coming years.

From a regulatory perspective, tougher rules on banks' capital adequacy and liquidity provision can be expected as a result of Basel III and this will have an adverse effect on banks' profitability.

Despite the pressure factors outlined here and the additional requirements placed on the banking sector, we do not expect the fundamental sector structures in European countries to change very quickly which means that they will remain relatively stable, even after the financial crisis has ended. Commerzbank will continue its role as one of Germany's leading banks. It has clearly strengthened this position through the takeover and merger of Dresdner Bank. Germany is a rather polypolitical banking market with a relatively low market concentration compared to other European countries on account of the high number of legally independent savings banks and cooperative banks. Although there is a continual process of concentration in savings banks and cooperative associations, this banking structure in Germany will generally remain in place in the next few years.

Expected developments at Commerzbank Aktiengesellschaft

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

We do not expect any significant improvements in net interest income compared to 2010. Although higher interest rates will benefit the Private Customers segment, and positive momentum will come from the expected normalization of drawdown patterns and rising investment from business customers in the Mittelstandsbank segment, these effects will be partially offset by increased pressure on margins. Loan loss provisions should continue to decline. We expect the risk provisioning requirement to be much lower in the Asset Based Finance segment in particular. Net commission income should improve in 2011, particularly in the second half, due mainly to customers' increased willingness to buy securities and the freeing up of sales staff from the burdens of integration. It is difficult to forecast trading profit, particularly in light of highly volatile financial markets and the resulting impact on the valuation of financial instruments. However, we expect trading profit to be higher in 2011 than in 2010. Operating expenses in 2011 will be determined by strict ongoing cost management and synergies realized. As a result, we anticipate a decrease. The Commerzbank Group should see a significant year-on-year improvement in operating profit in 2011. Based on our current estimates, we are anticipating a positive result in Commerzbank Aktiengesellschaft's parent company financial statements in 2011.

Over the next few years, the Private Customers segment will concentrate on the challenging targets contained in the "Roadmap 2012" strategy programme, which we are looking to achieve through two levers: capturing cost synergies and improving sales performance. We intend to fully capture the synergies of integration in the next few years and significantly reduce our costs. Following customer and product data migration in the second quarter of 2011, the whole Bank will be working in a system that has a standardized range of products and services. After all the efforts made necessary by the integration of technical systems and products, in the second half of 2011 we will be able to enhance our sales activities by advising our customers comprehensively across our branch network. The last major milestone on the agenda is merging pairs of branches that are located close to one another.

This will be happening at over 100 pairs of branches in 2011. These measures are a key component for the future viability and financial success of our Private Customer business. We are also being helped along by the economic environment. We will be able to see the positive effect of the expected increase in interest rates in the market on net interest income. We should also benefit from the performance of capital markets and from our customers' increasing willingness to invest, as this increases our net commission income.

In the Mittelstandsbank segment, the coming years will see us focus clearly on boosting earnings from sales activities. To help achieve this, we will be launching a special growth programme in 2011 which combines various growth initiatives that have already been drawn up. The main aim of this programme is to develop existing potential and new growth fields, and to further improve our quality and efficiency. We expect the positive impetus we are anticipating in lending business coupled with the growth initiatives to result in a clear expansion of our deposit and lending volumes. Against the backdrop of the positive underlying sentiment in the German economy anticipated for 2011, we expect to see the risk situation stabilize at a low level. On the cost front, we also expect trends to be constant, with the synergy effects of the integration cushioning ongoing cost increases and additional factors such as deposit guarantee schemes.

In the Central & Eastern Europe segment, the strategic focus in 2010 was the continued restructuring of our lending portfolio, measures to boost efficiency and pressing ahead with selective growth initiatives. The integration of Dresdner Bank in Central and Eastern Europe was also successfully concluded in 2010. We expect the economic upturn in countries in Central and Eastern Europe to continue in 2011, which should also benefit our Central & Eastern Europe segment. BRE Bank in Poland will continue implementing its value-oriented growth strategy. The focus here will be on increased lending to business and private customers as well as expanding the range of products and services. Income should also be increased through customer growth and cross-selling in other product segments. In contrast, in Ukraine, Bank Forum will continue working down the portfolio of non-performing loans. At the same time we will press ahead with the realignment as a focused universal bank, concentrating on selective new business in the business loan segment and an increasing focus on private customer business.

In Russia, the Czech Republic and Slovakia, activities will centre on providing corporate customers with an even better service as well as on business with Mittelstand customers and improving earnings through greater customer growth.

One of the main achievements of the Corporates & Markets segment in 2010 was the completion of the integration of Dresdner Bank's investment banking business. This integration meant successfully implementing the business model, adapting the organizational structure accordingly and achieving the scale we were seeking. We expect to strengthen our position as a strong investment bank partner through our increased customer base and market-recognized product expertise. Income is also likely to stabilize, cost synergies to be leveraged further and a range of regulation-driven investments carried out. The segment will use 2011 to expand its international customer franchise and exploit opportunities in the market through strategic initiatives.

Nevertheless, in view of the still difficult market conditions, we will continue with our selective and generally conservative lending policy. We therefore expect loan loss provisions to be moderate for the segment. We are also seeking to continually optimize the risk/return profile of our portfolio through active capital management. We expect another positive performance in 2011 due to the portfolio's excellent risk profile.

The repercussions of the financial and economic crisis were extremely tangible in the Asset Based Finance segment in 2010, reflected mainly in the high level of loan loss provisions and also in the segment's overall business performance. We will press ahead with the strategic restructuring of the segment's lines of business in what continues to be a challenging market environment, and will continue to reduce volumes over the coming years. Although we will not engage in any new business and will gradually reduce the existing volume in Public Finance, we will substantially reduce our new business activities in Commercial Real Estate.

In 2010 the Portfolio Restructuring Unit segment's strategic management aim continued to be managing down the portfolio while optimizing value within a period that seems reasonable for this objective. We pursued this aim through workout measures and active management of all exposures that were classified internally as Structured Credit and Credit Trading. Overall, the question of how the markets develop is still expected to depend heavily on general macroeconomic factors. The segment will continue to actively manage and work down the remaining exposures in a difficult environment throughout 2011. This means that balance sheet volume will continue to decline this year and next. Consequently, net interest income and the operating cost base will decrease compared to 2010.

Managing opportunities at Commerzbank

Commerzbank views systematically identifying and taking advantage of opportunities as a core management responsibility. This applies both to day-to-day competition at an operational level and to identifying the potential for growth or improving efficiency at a strategic level. It is within this meaning that Commerzbank is focusing on a three-stage management of opportunities approach:

- Central strategic management of opportunities: strategic alternative courses of action for the Group as a whole (e.g. developing the portfolio of activities for specific markets and areas of business) are identified by the Board of Managing Directors and within Group Development & Strategy
- Central operational and strategic management of opportunities for the various segments: operational and strategic initiatives to improve growth and efficiency in the individual divisions (e.g. developing portfolios of products and customers) are defined by the business unit heads
- Local operational management opportunities: operational opportunities based on customers and transactions (e.g. taking advantage of regional market opportunities and potential for customers) are identified by all employees

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

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

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

We have presented the specific opportunities that Commerzbank has identified in the section "Segment performance".

Risk report

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

Key developments in 2010

The risk situation in 2010 was influenced by opposing trends. On the one hand the downgrading of several European states by the rating agencies led to increased uncertainty and large price swings on the capital markets, while on the other hand favourable economic trends, especially in Germany, allowed a significant reduction of Group loan loss provisions from €4.2bn to €2.5bn as well as a further cutback of risks in major sub-portfolios.

- In line with the general recovery of the economy, most real estate markets moved into a period of bottoming out in 2010, although the USA and Spain in particular still do not show signs of a sustained recovery. Given the strategic re-orientation at Eurohypo, our activities in **Commercial Real Estate** are concentrated on reducing sub-portfolios which are no longer within our strategic focus. The exposure at default in Commercial Real Estate was reduced by a further €7bn to €70bn during 2010, nevertheless risk provisions of €1.3bn remained at a high level.
- The strict risk reduction strategy in the **ship financing** business resulted in some successful stabilization, which was also driven by restructurings agreed with clients. The volume of the ship financing business, which is largely denominated in US dollars, was reduced by more than 15% over the year under report. The rise in the dollar meant that in euro terms exposure fell by only €1bn to €21bn.
- We are pursuing a clear reduction strategy in the **Public Finance** portfolio within the Asset Based Finance segment. In the year under review exposure was cut by a further €20bn to €109bn. Overall, we are seeking to bring the exposure down to below €100bn until the end of 2012 and below €80bn until the end of 2014. In view of the debt crisis in various peripheral European countries, we further scaled back our sovereign exposure, especially in Greece, Ireland, Italy, Portugal and Spain by €3.1bn to €16.8bn over the year.

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

- In **PRU**, the risk value of the structured credit portfolio was cut sharply by €6.6bn to €17.1bn. Credit trading positions (credit flow and the correlation book) were brought down to almost zero.
- Against the background of the improved economic conditions the risk figures of our **Corporates** portfolio in Mittelstandsbank and in Corporates & Markets showed a positive trend. Especially the Loan Loss Provisions in Mittelstandsbank could be reduced compared to 2009 from €1.0bn to €0.3bn. In Corporates & Markets even a net release was achieved.
- We also drove forward the reduction of bulk risks in the year under review. In particular, exposure to **financial institutions** was cut by another €18bn to €95bn.
- The economic situation in **Central & Eastern Europe** improved significantly compared with the end of 2009, especially in Poland and Russia, and loan loss provisions in the segment were more than halved. Although the risk situation remains tense in Ukraine, we managed to cut our risk position considerably here in 2010.
- Loan Loss Provisions of our **Private Customers** business remained at previous year's level of €246m following a positive development in the second half of 2010.

The Dresdner Bank integration process is well advanced in Risk Management. Further key milestones were achieved in 2010:

- Mid-year we successfully established the **sector structure** in the domestic corporate business, bringing together sector expertise all along the value chain.
- In the first quarter of 2010 the integration of the **non-retail rating procedures** was successfully completed, bringing creditworthiness checks into line with the analysis of financial statements.
- The new **architecture of the Basel II calculation engine** was successfully rolled out in the fourth quarter of 2010, harmonizing the methodology for determining RWAs on common target infrastructure.
- For internal **market risk management** the existing Commerzbank and Dresdner Bank models were switched to a new integrated market price risk model based on historic simulation in October 2010. This ensures that risk measurement is consistent across the whole Group and able to meet the future requirements of Basel III.
- The IT systems previously used by Commerzbank and Dresdner Bank to calculate **counterparty and issuer risk** were migrated to a common platform in 2010. The new system provides integrated calculation and monitoring of all credit risk for trading transactions.

Risk-oriented overall bank management

1 Risk management organization

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

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

Risk management activities are split between the divisions Credit Risk Management, Market Risk Management, Intensive Care as well as Risk Controlling and Capital Management. They all have a Group-wide focus and report directly to the CRO. Together with the four Divisional Boards, the CRO forms the Risk Management Board within Group Management.

The Board of Managing Directors has delegated the operational risk management to committees. Under the relevant rules of procedure, these are the Group Credit Committee, the Group Market Risk Committee and the Group OpRisk Committee. In 2010 the Group Strategic Risk Committee was also set up to consider issues which relate to overarching risk issues. The CRO chairs all these committees and has the right of veto.

Being responsible for the Group-wide management of portfolio composition, capital allocation and development of RWAs, Commerzbank's Asset Liability Committee is a key part of the internal capital adequacy assessment process (ICAAP). Under the ICAAP the Bank internally ensures a sufficient capital cover in relation to all material risks.

2 Risk strategy and risk management

The risk strategy defines the strategic guidelines for the development in Commerzbank's investment portfolio, based on the business strategy. Risk-taking capability and liquidity are ensured by setting concrete limits for the risk resources capital and liquidity reserve available to the Group.

The scope of the risk strategy is described by the so-called "risk tolerance". Extreme scenarios such as the default of a core economy such as Germany, France or the USA or a collapse in the basic repo functionality of the ECB fall outside the risk strategy management and are managed separately.

The overall risk strategy covers all material quantifiable and unquantifiable risks. It is detailed further in the form of sub-risk strategies for individual risk types, which are then specified and operationalized through policies, regulations and instructions/guidelines. The annual risk inventory process ensures that all risks material to the Group (both quantifiable and unquantifiable) are identified. The estimate of materiality is based on whether occurrence of a risk could have a major direct or indirect impact on the Bank's risk bearing capability.

As part of the planning process, the Board of Managing Directors considers stress scenarios to decide the extent to which the Bank's risk-taking capability should be utilized. The Board sets the risk appetite at Group level by consciously defining a capital framework as part of the available risk capital. In a second step, this capital framework is broken down and limited for each risk category and allocated to the relevant units/areas as a result of the planning process. Compliance with limits and guidelines is monitored during the year and action taken if required.

3 Risk-taking capability and stress testing

The risk-taking capability analysis is a key part of overall bank management and Commerzbank's Internal Capital Adequacy Assessment Process (ICAAP). The purpose is to ensure that sufficient capital is held for the risk profile of Commerzbank Group. The risk-taking capability approach follows a strict economic view of the Group's assets and liabilities.

Risk-taking capability is monitored at Commerzbank using a gone concern approach which seeks primarily to protect unsubordinated lenders. This objective should be met even in the event of extraordinarily high losses from an unlikely extreme event. The approach assumes a gone concern scenario that reflects the latest statutory and regulatory developments. The risk-taking capability concept was enhanced in 2010. Resulting methodological adjustments are retroactively included in the figures as at December 31, 2009.

When determining the economically required capital, allowance is made for potential unexpected fluctuations in value. Where such fluctuations exceed forecasts, they represent the actual risk to be covered by available economic capital (capital available for risk coverage). The quantification of capital available for risk coverage reflects a nuanced consideration of the accounting values of assets and liabilities under economic value adjustment of certain items in the balance sheet.

The capital requirement for the risks taken is quantified using the internal economic capital model. When setting the economic capital requirement, allowance is made for all types of risk at Commerzbank Group classified as material in the annual risk inventory. The economic risk approach therefore also includes types of risk not contained in the regulatory requirements for bank capital adequacy, and also reflects the effect of portfolio-specific interactions. The high confidence level in the economic capital model of currently 99.95% is in line with the underlying gone concern assumptions and ensures a consistent risk-taking capability approach.

Risk-taking capability at Commerzbank Group level is monitored and managed monthly. Since December 2010 risk-taking capabilty has been assessed by means of the utilization level of the capital available for risk coverage (previously, economic capital ratios were used). Under this approach, risk-taking capability is taken to be assured as long as utilization is below 100%. The utilization level as at December 31, 2010 was 56.8%. The utilization level remained well below 100% at all times during the reporting period.

In order to monitor the risk-taking capability even under the assumption of adverse changes in the economic environment, macroeconomic stress scenarios are used. The underlying macroeconomic scenarios, which are updated at least every quarter, describe an unusual but plausible negative economic development and are applied across all risk types. In the scenario calculations, the input parameters for the calculation of economic capital required are simulated to reflect the forecast macroeconomic situation. In addition to the amount of capital required, the income statement is also stressed using the macroeconomic scenarios and then, based on this, changes in the capital available for risk coverage are simulated. Risk-taking capability under stress also is assessed on the basis of the utilization level of the capital available for risk coverage. The utilization level under the stressed scenario was well below 100% throughout the reporting period. We will keep on enhancing our risk-taking capability and stress testing concept.

Risk-taking capability Commerzbank Group | €bn	31.12.2010	31.12.2009[2]
Capital available for risk coverage	**36**	**39**
Economically required capital	**20**	**19**
thereof for credit risk	14	14
thereof for market risk	6	5
thereof for OpRisk	3	2
thereof for business risk	2	1
thereof diversification between risk types	−4	−3
Utilization level[1]	**56.8%**	**49.6%**

[1] Utilization level = economically required capital/capital available for risk coverage.
[2] Figures as of 2009 adjusted based on current methodology.

Regulatory RWAs were reduced from €280bn to €268bn over the year. Commerzbank is well prepared for the enhanced requirements of Basel 2.5 and 3. The expected increase of around €75bn RWAs based on a quantitative impact analysis is overcompensated by proactive management – partly already initiated – as well as the reduction of the concerned portfolios. We expect a relieving effect totalling around €85bn RWAs due to the management of counterparty risks as well as optimization and reduction of assets outside of the core bank. Together with the core bank's growth programme of around €30bn we assume that RWAs will amount to less than €290bn by year-end 2014.

Default risk

Default risk refers to the risk of losses due to defaults by counterparties and changes in this risk. In addition to credit default risk and risk from third-party debtors, Commerzbank also includes under default risk issuer and counterparty risk as well as country and transfer risk.

1 Default risk management

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

The ratios, measures and input required for the operational process of risk management are based on overarching Group objectives and are enhanced at downstream levels by sub-portfolio and product specifics. Risk-orientated credit authority regulations draw the attention of management at the highest level to, for instance, concentration risks or deviations from the risk strategy.

The focus of operational management in the loan portfolio in 2010 was once again on reducing cluster risks. At the same time, the monitoring and management of the loan portfolio was expanded, with a strengthening of the asset quality review function in the back office.

During the course of the year, the implementation of the sector structure in the back office for domestic corporate business was completed. Covering the full value creation chain brings together sector expertise and also lays the foundations for future expansion.

Moreover, the IT systems that were being used by Commerzbank and Dresdner Bank for calculation of counterparty and issuer risk were migrated to a common platform in 2010. The new system grants the integrated calculation and monitoring of all credit risks for trading positions.

Country risk management also was enhanced. Transfer risks as well as default risks are considered when calculating country risk. Country risk management is based on the definition of risk limits as well as country specific strategies for achieving a desired target portfolio.

Overview of management instruments and levels

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

In particular the sector structure in the back office of the domestic corporate business and the focus on weaker ratings allowed us to instantaneously track noticeable changes on total and sub-portfolio level, to transfer and identify them directly on individual level and to initiate measures. This represents a major progress in terms of speed, efficiency of preventing measures and forecasting quality in respect of the development of risk.

2 Commerzbank Group by segment

To manage and limit default risks the risk parameters exposure at default (EaD), expected loss (EL), risk density (EL/EaD) and unexpected loss (UL = economically required capital for credit risk with a confidence level of 99.95% and a holding period of one year) are used. The breakdown of these figures across the segments is as follows:

Credit risk figures by segment as at 31.12.2010	Exposure at default €bn	Expected loss €m	Risk density bp	Unexpected loss €m
Core bank	**324**	**1,164**	**36**	**8,152**
Private Customers	69	255	37	1,032
Residential mortgage loans	36	127	36	
Investment properties	5	18	36	
Individual loans	13	57	44	
Consumer and installment loans/ credit cards	12	49	42	
Domestic subsidiaries	2	2	10	
Foreign subsidiaries and other	2	1	9	
Mittelstandsbank	111	469	42	3,682
Financial Institutions	18	51	29	
Corporates Domestic	65	303	47	
Corporates International	28	115	41	
Central & Eastern Europe	25	210	84	583
BRE Group	21	142	68	
CB Eurasija	2	18	98	
Bank Forum	< 1	38	956	
Other	2	13	64	
Corporates & Markets	78	215	28	2,397
Germany	28	65	23	
Western Europe	28	73	26	
Central and Eastern Europe	3	10	33	
North America	11	30	27	
Other	9	37	43	
Others and Consolidation	41	15	4	458
Optimization – Asset Based Finance	**220**	**674**	**31**	**4,639**
Commercial Real Estate	70	377	54	
Eurohypo Retail	17	29	17	
Shipping	25	187	75	
thereof ship financing	*21*	*185*	*90*	
Public Finance	109	81	7	
Downsize – PRU	**18**	**87**	**48**	**910**
Total	**562**	**1,925**	**34**	**13,701**

2.1 Private Customers

In the Private Customers segment natural persons in the areas of private and business customers (including those with financial statements showing a turnover of up to €2.5m) and wealth management are serviced and managed from a risk perspective. Exposure in the segment mainly relates to real estate financing (€41bn), individual loans (€13bn) and consumer loans, instalment loans and credit cards (€12bn). The book decreased by around €9bn over the year, mainly as a result of the sale of exit units. Risk density in the remaining portfolio is 37 basis points. We assume the macroeconomic environment to be stable.

The retail portfolios of Commerzbank and Dresdner Bank were successfully merged in 2010. The back office was restructured, guidelines harmonized and standardized fraud management processes put in place. Credit authorities and decision making parameters were aligned and the integration ran according to plan.

The focus in 2011 will be on enhancing efficiency, further expanding early identification of risk and monitoring the front office in a risk-aware manner when accessing potential sales areas. New business will concentrate on growth in real estate financing and expanding the corporate customer credit base. We will continue to work on end-to-end efficiency gains and managing the granular portfolio, especially in the lower rating classes.

2.2 Mittelstandsbank

This segment bundles together the Group's activities with Mittelstand customers (where they are not assigned to Central & Eastern Europe or Corporates & Markets), the public sector and institutional customers. The segment is also responsible for the Group's relationships with domestic and foreign banks, financial institutions and central banks.

The economic environment in 2010 saw predominantly good news. The recovery in the global economy continued, which had a favourable effect on Mittelstandsbank's core German market. Germany became the economic motor of Europe in 2010, despite remaining highly dependent on the development in exports. In some areas growth rates have already reached the levels seen before the crisis. The Corporates Domestic sub-portfolio has seen clear improvements in creditworthiness compared to the difficult situation in 2009. This was reflected in positive rating changes for individual customers. While EaD rose slightly, EL and risk density in this area could be reduced significantly to €303m and 47 basis points respectively.

Corporates International saw slight increases in EaD and EL over the year. Risk density was also up a small amount to 41 basis points as at December 31, 2010. The future development will depend on the economy in markets outside Europe, especially in the United States and Asia. Changes in exposure will depend to a large degree on whether or not there is a change in customers' propensity to invest.

Overall, exposure rose to €111bn at the end of the year. Utilization of credit lines in place is still below average, partly because of intensified working capital management by companies during the crisis. As the economic environment continues to improve in 2011, we can therefore expect loan drawdowns to rise with a certain time lag.

For details of the development in the Financial Institutions portfolio see section 3.3.

2.3 Central & Eastern Europe

This segment includes the activities of the Group's operating units and investments in Central and Eastern Europe.

The economic situation in the countries of Central and Eastern Europe has improved significantly compared to end-2009, although at different rates in different countries. The good performance of all the economies concerned is reflected in the improved risk data.

Most of the CEE portfolio, making up an exposure just under €21bn, relates to Poland's BRE Group. The rise in economic output in Poland has mainly been driven by the strong growth in industrial production. However, unemployment is still high, which naturally means default rates are up in retail business. Despite this, successful preventive measures allowed loan loss provisions at BRE Bank to be cut significantly from the 2009 level.

The recovery has gained strength in Russia. Our unit Commerzbank Eurasija more than halved risk density during the year. In view of the strength of commodity prices, we do not anticipate any deterioration in the loan profile here in 2011.

Ukraine was still hit hard by the crisis this year, although there was a modest economic upturn compared to 2009. The risk situation remains tense, but slightly positive signals are visible once again. We continue to concentrate on risk limitation.

The global economic recovery and rising commodity prices have significantly improved the economic situation in Central and Eastern Europe, and we see the recovery continuing in 2011. In Poland we expect further loan growth in 2011 with good risk/return ratios due to the relatively solid economic basis overall. We also see our Russian portfolio with Commerzbank Eurasija growing slightly in 2011, but dependency on the oil price and the US dollar exchange rate has to be taken into account. In Ukraine we expect a continually challenging market. We reached key milestones in our portfolio restructuring in 2010 and will continue to drive these forward even though the economic and political environment remains difficult.

2.4 Corporates & Markets

This segment covers client-driven capital markets activities and commercial business with multinationals and selected major customers of Commerzbank Group. The regional focus is on Germany and Western Europe, which continue to account for more than two-thirds of exposure. North America accounted for around €11bn as at December 31, 2010. A high percentage of the EaD relates to Financial Institutions, where we were able to steadily cut back the concentration risks over the year. We continue to insist on high quality in trading and new lending business and are planning to further reduce risk in the existing business in 2011.

There has been a revival of market activity in leveraged finance. We engaged selectively in new transactions starting in the second quarter of 2010, while sticking to a conservative risk strategy.

2.5 Asset Based Finance

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

Commercial Real Estate As part of the strategic reduction of existing business (white book), essentially at Eurohypo, there was a further cut in total exposure (EaD) from €77bn as at December 31, 2009 to €70bn. The main components of exposure are still the sub-portfolios Office (€27bn), Commerce (€20bn) and Residential Real Estate (€9bn). The CRE exposure also contain the Asset Management (Commerz Real) portfolios, which are composed of warehouse assets for funds as well as the typical leasing receivables of the movable property sector.

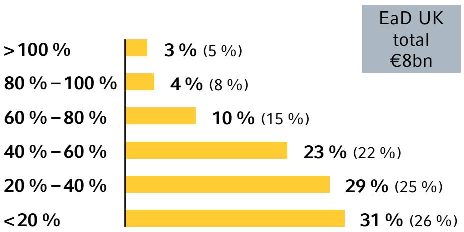
The tangible decrease in exposure during the year of some €7bn was the result of repayments of loans or declining to roll them over, exchange rate fluctuations and market-related transfers to the default portfolio. With a view to sustainably improving the financing model, and bearing in mind the strategic reorientation of Eurohypo up to 2014, our efforts are directly focused on reducing existing business. Commerzbank has launched a strategy project for this, on the course of which we decided on and initiated a significant wind down of assets.

In line with the overall recovery in the economy, most real estate markets in 2010 moved into a period of bottoming out. Activity in the investment markets remains at a low level, although there are signs of a pick up.

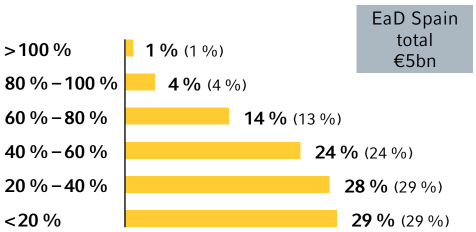
Performance in Germany and such core European markets as the UK, Italy and France has been stable to positive, especially for prime assets. The United States and Spain remain under pressure.

Loans secured on mortgage charges have reasonable loan to value ratios.

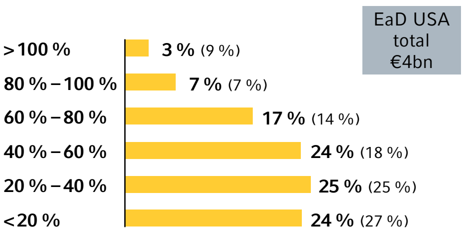
Loan to Value – UK [1]
stratified representation



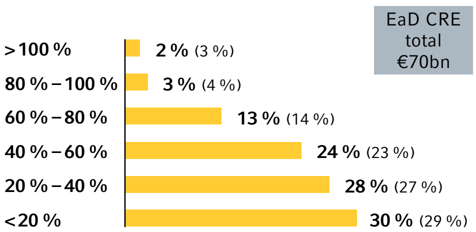
Loan to Value – Spain [1]
stratified representation



Loan to Value – USA [1]
stratified representation



Loan to Value – CRE total [1]
stratified representation



[1] Loan to values based on market values; exclusive margin lines and corporate loans; additional collateral not taken into account.
All figures relate to business secured by mortgages.
Values in parentheses: December 2009.

Eurohypo Retail Since the transfer of new business activities in retail banking to Commerzbank in 2007, Eurohypo has only been responsible for the existing loan book. There are no strategic plans for new business activity in this area. We are steadily pushing forward the downsizing of the portfolio in a manner that protects our earnings stream. Exposure in the Eurohypo retail portfolio was cut again by more than €2bn to just €17bn as at December 31, 2010. The focus remains on owner-occupied houses (€10bn) and apartments (€3bn). Given the low loan to value ratios as implied by the remaining time to maturity and generally senior security, the risk in this portfolio is regarded as relatively low, especially against the backdrop of the macroeconomic improvement in Germany.

Ship Financing The exposure of Ship Financing (including Deutsche Schiffsbank), which is largely denominated in US dollars, was reduced by more than 15% in the year under report. The rise in the dollar meant that in euro terms exposure fell by only €1bn to €21bn. The portfolio is still focused on the three standard types of ship, namely containers (€6bn), tankers (€5bn) and bulkers (€4bn). The remaining €5bn is accounted for by various special tonnages which are well diversified across the various ship segments.

Over the year under report, the strict risk reduction strategy in the existing book resulted in some successful stabilization, which was also driven by restructurings agreed with clients. Expected loss was reduced by €47m from year-end 2009 to €185m, with risk density falling 16 basis points to 90 basis points.

The recovery of the global economy had a positive effect on several shipping segments. Strong economic growth, especially in Asian emerging markets, is likely to push demand for marine transport higher. Apart from smaller container vessels markets have recovered slightly in bulkers and containers. The most recently negotiated charter rates suggest the market development is increasingly stable.

The predicted growth of around 4% in the world economy and the resulting trade volumes, which will have a knock-on effect on transport demand, continue to be offset by the influx of newly-built ships onto the market. The potential for recovery therefore remains limited as long as scrappage volumes are relatively low.

Public Finance Commerzbank's Asset Based Finance segment holds a large part of the government financing positions.

The Public Finance portfolio comprises receivables and securities held in our subsidiaries Eurohypo and EEPK.

Borrowers in the Public Finance business (€70bn EaD) are sovereigns, federal states, regions, cities and local authorities as well as supranational institutions. The main exposure is in Germany and Western Europe.

The remaining Public Finance portfolio in ABF is accounted for by banks (€39bn EaD), where the focus is also on Germany and Western Europe (approximately 92%). Most of the bank portfolio comprises securities/loans which to a large extent are covered by grandfathering, guarantee/maintenance obligations or other public guarantees, or were issued in the form of covered bonds.

The strategy for ABF is to wind down the Public Finance portfolio (government financing and banks) by repayments, maturities and active sales, where these make commercial sense.

The EaD of the Public Finance portfolio was cut by €20bn to €109bn in 2010 as part of the de-risking strategy mainly by using maturities and actively reducing the portfolio, in some cases accepting losses. Overall, we are seeking to reduce this to below €100bn by the end of 2012 and below €80bn by the end of 2014.

Sovereign exposure across all segments to Portugal, Ireland, Italy, Greece and Spain which predominantly relates to Public Finance totalled €16.8bn (December 31, 2009: €19.9bn).

Sovereign exposures of selected countries | €bn	**31.12.2010**
Portugal	0.9
Ireland	< 0.1
Italy	9.7
Greece	3.0
Spain	3.1

We again do not expect any significant impact from loan loss provisions in 2011 and are not anticipating any defaults of public entities or banks in OECD countries.

2.6 Portfolio Restructuring Unit (PRU)

The PRU only manages assets that have been classified as non-strategic by Commerzbank and are therefore being wound down. Bundling allows these positions to be managed uniformly and efficiently. They are mainly structured credit positions (essentially asset-backed securities – ABSs) with a nominal value of €29.0bn as at December 31, 2010, as shown in detail in section 3.1.1.

In the last quarter of 2010 the remaining other positions in the PRU (credit default swaps and tranches on pools of credit default swaps outside the strategic focus of Commerzbank) were almost completely reduced through auctions and novations of existing business. The small remaining holding continues to be actively immunized against market movements using credit default swaps and standardized credit indices and index tranches. The positions are managed within narrow limits for value at risk and credit spread sensitivities.

3 Cross-segment portfolio analysis

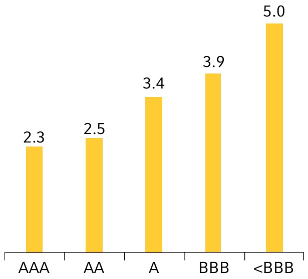
It is important to note that the following positions are already contained in full in the Group and segment presentations.

3.1 Structured credit portfolio

3.1.1 Structured credit exposure PRU Whereas most asset classes reported declining spreads and spread volatilities in the course of the year 2010, which took them back to or below the levels of end-2009, RMBS transactions from Ireland, Spain and Portugal moved in the opposite direction as a result of the sovereign crisis. The positive general trend, especially during the first third of the year, stood in contrast to even greater caution on the part of buyers from the middle of the year onwards, implying our portfolio reductions to slow down towards the end of the year while taking into account the instruction to maximize value. Nevertheless owing to minor appreciation of the US dollar and British pound, nominal volumes in the fourth quarter fell from €31.4bn to €29.0bn with risk values[1] decreasing from €19.9bn to €17.1bn. In 2010 as a whole nominal volume was cut by €8.3bn and risk values by €6.6bn. Commerzbank remains committed to the value-maximizing reduction of the structured credit portfolio.

Structured credit portfolio PRU	31.12.2010		31.12.2009	
€bn	Nominal values	Risk values	Nominal values	Risk values
RMBS	5.1	3.0	8.7	5.9
CMBS	0.7	0.5	2.2	1.6
CDO	11.1	6.7	12.5	7.3
Other ABS	3.3	2.8	5.7	5.2
PFI/Infrastructure	4.3	3.8	4.1	3.7
CIRC	0.7	0.0	0.9	0.0
Other structured credit positions	3.6	0.2	3.2	0.0
Total	**29.0**	**17.1**	**37.3**	**23.7**

Rating breakdown
Structured credit portfolio PRU
€bn



Overall we expect write-ups over the residual life of these assets, with possible future write-downs on assets such as US RMBSs and US CDOs of ABSs, which have already been written down substantially, to be probably more than compensated by a positive performance from other assets. This forecast is based primarily on the long period that has now passed since the structures were launched, which enables a reliable assessment of the future performance of the portfolio, as well as the general stabilization and recovery respectively in the economies which are of importance for us. The table in the margin shows the breakdown of structured credit exposures by rating, based on the risk values.

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

Asset-backed Securities (ABS) These are investments in ABS securities that were made by Commerzbank as part of its synthetic lending business or in its function as arranger and market maker in these products. Since the beginning of 2010 the positions have been classified into the product segments RMBSs, CMBSs, CDOs and other ABSs. This helps to provide a clear and asset-specific breakdown of the portfolio and reflects the declining importance of the previous PRU sub-portfolios ABS Hedge Book and Conduits which were reported until the end of 2009.

Residential Mortgage-backed Securities (RMBS): This sub-segment contains all the positions whose interest and principal are secured by private mortgage loans or are contractually linked to their real performance. The mortgage loans themselves are likewise partially or fully secured by the residential property being financed. The total risk value here at the end of the reporting period was €3.0bn (December 31, 2009: €5.9bn).

The holdings of direct and indirect securitizations of US mortgage loans have already been written down by a high percentage. In spite of the loan repayments we are currently receiving in some cases due to the seniority of our investments, the ongoing uncertainty surrounding the sector's future performance is likely to result in further impairments in some cases. The US RMBS portfolio had a risk value of €0.7bn at the end of the year (December 31, 2009: €0.9bn). The mark-down ratio for US RMBSs was 69 % at December 31, 2010.

European RMBS positions (risk value €2.3bn) showed a highly differentiated picture over the year. As the sovereign crisis spilled over from Greece to Ireland, Spain and Portugal during the year, RMBS transactions from these countries were particularly hard hit by major spread widening and much higher spread volatility, compared to other asset classes and the level at the start of the year. Despite this volatility in value due to changes in market prices, we continue to expect, based on fundamentals, that these securitizations will largely be repaid in full.

Rating breakdown RMBS

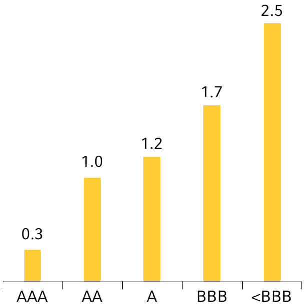
€bn

Commercial Mortgage-backed Securities (CMBS): This sub-segment contains all the positions whose interest and principal are secured by commercial mortgage loans or are contractually linked to their real performance. The mortgage loans themselves are likewise partially or fully secured by the commercial property being financed.

The reduction of the CMBS portfolio made successful progress during the year, and the risk value as at December 31, 2010 was just €0.5bn (December 31, 2009: €1.6bn). The securitized commercial property loans derive principally from the UK/Ireland (22%), Continental Europe (23%) and pan-European transactions (49%). The share of US CMBSs amounts to 6%. The mark-down ratio at December 31, 2010 was 35%.

Collateralized Debt Obligations (CDO): This sub-segment contains all the positions whose interest and principal are secured by corporate loans and/or bonds and other ABSs, or which are contractually linked to their real performance. The degree of collateralization of these assets varies from very low to very high depending on the transaction.

Rating breakdown CDO
€bn



The total risk exposure here at the end of the reporting period was €6.7bn (December 31, 2009: €7.3bn), down slightly despite a small dollar appreciation effect. The largest share in this sub-segment with 53% of the risk value is accounted for by CDOs, which are predominantly based on lending to corporates in the USA and Europe (CLOs). CLOs are still profiting directly from the stability and recovery seen in the major economies and hence lower actual and forecast defaults, as well as from increased expectations of recovery in the corporate sector. Better portfolio quality and further improved investor demand, especially for senior CLO tranches, resulted in a slight improvement in market values in this portfolio. The mark-down ratio as at the reporting date was 14%.

A further 40% of the risk value is accounted for by US CDOs of ABSs, which are mostly secured by US subprime RMBSs. Due to our continued adverse assessment of the credit quality of residential mortgages in the US subprime market and our conservative assumptions for the resulting losses, the mark-down ratio is 57%, even though the securitizations held by Commerzbank consist predominantly of the most senior tranches of such CDOs.

Other ABS: This sub-segment contains all the positions whose interest and principal are secured by consumer loans (including automobile financing and student loans), lease receivables and other receivables or which are contractually linked to their real performance. The degree of collateralization of these assets varies from very low to very high (for example auto loans) depending on the transaction.

The total risk value in this asset class at December 31, 2010 was €2.8bn (December 31, 2009: €5.2bn). The largest part of this risk exposure is accounted for by Consumer ABSs and ABSs secured by other US assets, such as securitized receivables from the marketing of film rights and life insurance policies. The exposure to receivables from the marketing of film rights was actively cut back further during the reporting period. Although our expectations are currently neutral, transaction-specific structural characteristics mean that modest charges against earnings cannot be fully ruled out. The mark-down ratio of the remaining positions in this segment was 14% at the reporting date.

PFI/Infrastructure financing The PRU's structured credit category also contains exposures to Private Finance Initiatives (PFI) with a risk value of €3.8bn as at December 31, 2010. The portfolio consists of the private financing and operation of public sector facilities and services, such as hospitals and water supply operations. All lending relates to the UK and has extremely long maturities of more than 10 to over 40 years. The credit risk of the portfolio is more than 80% hedged, mainly with monoline insurers Commerzbank does not currently expect to default.

Credit Investment Related Conduits (CIRC)/Other structured credit positions At December 31, 2010 there was only a small €0.2bn exposure from nominal commitments, as the structures are sufficiently capitalized.

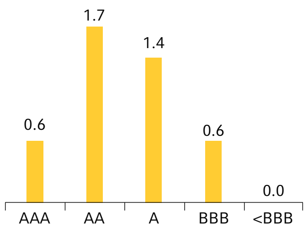
3.1.2 Structured credit exposure non-PRU Below are details of structured credit positions from our strategic customer business which will continue to be allocated to the core bank in future and therefore were not transferred to the PRU.

Structured credit portfolio non-PRU	31.12.2010		31.12.2009	
€bn	Nominal values	Risk values[1]	Nominal values	Risk values[1]
Conduits	4.3	4.3	5.9	5.9
Other	6.5	6.3	7.2	6.7
Total	**10.8**	**10.6**	**13.1**	**12.6**

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

Conduit Exposure The asset-backed commercial paper (ABCP) conduit business of Corporates & Markets, which is reported in full on Commerzbank's balance sheet and is not managed by the PRU, amounted to €4.3bn at the end of December 2010 (December 2009: €5.9bn). The recovery in the markets meant that over the year it became possible to once again fully finance the conduit business with commercial paper. The fall in volumes is the result of ongoing amortization of ABS programs in the conduits, although three new transactions were completed in the second half of 2010 with a total volume of €0.2bn. The majority of these positions consist of liquidity facilities/back-up lines granted to the conduits Kaiserplatz and Silver Tower administered by Commerzbank. There has been no exposure to conduits of other banks since the second quarter of 2010.

Rating breakdown Conduits non-PRU
€bn



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

The volume of the ABS structures issued by Silver Tower was €3.5bn as at December 31, 2010 (€5.0bn at December 31, 2009). The ABS structures are based on customers' receivable portfolios as well as in-house loan receivables securitized as part of active credit risk management.

The volume of ABS structures funded under Kaiserplatz was €0.8bn as at December 31, 2010 (December 31, 2009: €0.9bn). All of the assets consist of securitizations of receivable portfolios of and for customers.

Other Asset-backed Exposures Other ABS positions with a total risk exposure of €6.3bn were held mainly by Eurohypo in Public Finance (€5.2bn) and by Commerzbank Europe (Ireland) (€1.1bn). These were principally government guaranteed securities (€5.3bn), of which about €4.0bn was attributable to student loans guaranteed by the US government. A further €1.0bn related to non-US RMBSs, CMBSs and other mainly European ABS securities.

3.1.3 Originator positions In addition to the secondary market positions discussed above, Commerzbank and Eurohypo have in recent years securitized receivables from loans to the Bank's customers with a current volume of €13.4bn, primarily for capital management purposes, of which risk exposures with a nominal value of €8.7bn were retained as at December 31, 2010. By far the largest portion of these positions is accounted for by €8.3bn of senior tranches, which are nearly all rated AAA or AA.

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

			Commerzbank volume[1]		
Securitization pool as at 31.12.2010 €bn	**Maturity**	**Total volume[1]**	**Senior**	**Mezzanine**	**First loss piece**
Corporates	2013–2027	8.0	7.3	0.1	0.2
MezzCap	2036	0.2	< 0.1	< 0.1	< 0.1
RMBS	2048	0.2	< 0.1	< 0.1	< 0.1
CMBS	2010–2084	5.0	0.9	< 0.1	< 0.1
Total		**13.4**	**8.3**	**0.2**	**0.2**

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

3.2 Leveraged Acquisition Finance (LAF) portfolio

Over the course of 2010 the LAF portfolio was cut from €4.1bn to €3.4bn. This was driven by early repayments of existing business – especially refinancings in the capital market and corporate divestments.

Overall, good economic performance in the core operating markets and continued adequate liquidity in the capital markets have resulted in a further improvement in portfolio quality. The geographic focus of the portfolio remains Europe (94%) with a strong concentration in Germany (50%).

For 2011 we expect a recovery in LAF business, provided capital markets remain stable. We will use the favourable conditions to contract attractive new business with adequate risk profile.

Direct LAF portfolio by sector | EaD €bn	**31.12.2010**
Technology/Electrical industry	0.6
Chemicals/Plastics/Healthcare	0.5
Financial Institutions	0.5
Automotive/Mechanical engineering	0.5
Consumption	0.4
Services/Media	0.4
Transport/Tourism	0.2
Basic materials/Energy/Metals	0.2
Other	0.1
Total	**3.4**

3.3 Financial Institutions and Non-Bank Financial Institutions portfolio

Business in the Financial Institutions sub-portfolio in 2010 was largely determined by the discussion of the debt in some European peripheral countries and possible repercussions for the whole of Europe. We therefore focused on assessing country risk and formulating a suitable, closely related business and risk strategy. We also proactively drove forward the reduction of bulk risks in the Financial Institutions portfolio, while supporting attractive commercial business. Exposure was cut during the year by €18bn to €95bn. At the same time expected loss increased by €21m to €96m, especially due to an update of parameters. We expect the fundamental data for individual countries to continue to show strain in 2011. We will therefore be rigorous in the alignment and application of our business and risk strategy.

The NBFI portfolio saw a further reduction in bulk risks in 2010. This brought the EaD of the sub-portfolio (including ABS and LAF transactions affecting NBFI and NBFI assets in the PRU) down by €14bn to €38bn, and improved risk density to 24 basis points. In light of the persistent favourable conditions in the capital market we are positive on the NBFI sector, even though the problems in various European peripheral countries and changes to the regulatory framework will present challenges in 2011 for the NFBI area as well.

	Financial Institutions			Non-Bank Financial Institutions		
FI/NBFI portfolio by region as at 31.12.2010	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp	**Exposure at default** €bn	**Expected loss** €m	**Risk density** bp
Germany	29	4	2	8	18	23
Western Europe	36	25	7	18	39	21
Central/Eastern Europe	7	31	42	1	2	28
North America	8	1	1	5	24	52
Other	15	34	23	7	10	15
Total	**95**	**96**	**10**	**38**	**93**	**24**

3.4 Country classification

The regional breakdown of the exposure corresponds to the Bank's strategic direction and reflects the main areas of its global business activities. Around half of the Bank's exposure relates to Germany, another third to other countries in Europe and 7% to North America. The rest is broadly diversified and split between a large number of countries where we serve German exporters in particular or where Commerzbank has a local presence.

Portfolio by region as at 31.12.2010	Exposure at default €bn	Expected loss €m	Risk density bp
Germany	282	855	30
Western Europe	138	393	28
Central/Eastern Europe	43	286	66
North America	42	104	25
Other	57	287	51
Total	**562**	**1,925**	**34**

3.5 Rating classification

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

Rating breakdown as at 31.12.2010 | %	1.0–1.8	2.0–2.8	3.0–3.8	4.0–4.8	5.0–5.8
Private Customers	21	45	23	9	3
Mittelstandsbank	14	51	27	5	3
Central & Eastern Europe	23	34	29	11	2
Corporates & Markets	39	42	15	2	2
Asset Based Finance	38	42	15	4	2
Group[1]	**34**	**42**	**18**	**4**	**2**

[1] Including PRU and Others and Consolidation

3.6 Sector classification corporates

The following table shows the breakdown of the Bank's corporates exposure by sector, irrespective of business segment:

Sub-portfolio corporates by sector as at 31.12.2010	Exposure at default €bn	Expected loss €m	Risk density bp
Basic materials/Energy/Metals	25	106	42
Consumption	21	110	53
Automotive	11	55	48
Transport/Tourism	11	58	53
Technology/Electrical industry	11	44	41
Chemicals/Plastics	11	60	56
Services/Media	10	58	56
Mechanical engineering	9	66	75
Construction	5	49	103
Other	21	84	41
Total	**134**	**690**	**51**

Intensive Care

1 Loan loss provisions

Loan loss provisions were approximately 40% lower than the previous year at just under €2.5bn. The positive trend seen during the year continued in the fourth quarter, and the charge against earnings was again down on the previous quarter at €595m. Compared to the fourth quarter of 2009, loan loss provisions were down more than half. The table below shows the development at segment level:

Loan loss provisions | €m	2010 total[1]	Q4 2010	Q3 2010	Q2 2010	Q1 2010	2009 total[1]	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Private Customers	246 (35)	46	64	70	66	246 (31)	72	70	55	49
Mittelstandsbank	279 (24)	93	−69	94	161	954 (84)	298	330	236	90
Central & Eastern Europe	361 (133)	48	127	92	94	812 (309)	296	142	201	173
Corporates & Markets	−27 (−3)	−14	6	0	−19	289 (32)	25	44	−34	254
Asset Based Finance	1,584 (69)	412	493	354	325	1,588 (60)	651	372	358	207
Portfolio Restructuring Unit	62 (33)	10	2	28	22	327 (100)	−11	99	169	70
Others and Consolidation	−6 (−1)	0	−2	1	−5	−2 (−1)	−7	−4	8	1
Total	**2,499** (43)	**595**	**621**	**639**	**644**	**4,214** (65)	**1,324**	**1,053**	**993**	**844**

[1] Figures in ( ) show the provisioning ratio: provisions in relation to the exposure at default in the white book plus default volumes in the black book in basis points.

Nearly all segments contributed to the sharp fall in loan loss provisions compared with the previous year. The biggest decline came from the Mittelstandsbank, which benefited from the economic recovery and improved its risk performance by almost €700m compared with 2009. This figure includes a positive non-recurring effect of €100m recognized in the third quarter.

Central & Eastern Europe also saw a turnaround in loan loss provisions, with a charge roughly €450m lower than last year; Bank Forum in particular witnessed a steep reduction.

Corporates & Markets delivered a net release of €27m over the year, largely the result of good performance in portfolio loan loss provisions. Compared to the previous year, which was still marked to some extent by knock-on effects of the financial and economic crisis, provisions were about €300m lower.

The major reassessment in the Portfolio Restructuring Unit had already been put into action in previous years as part of the reduction strategy. With improved market conditions for structured credit products, loan loss provisions fell by more than €250m once again in 2010.

Risk performance in the Private Customers business was on a par with the previous year, after a favourable development in the second half.

Asset Based Finance again saw major charges. However, loan loss provisions in the fourth quarter were around €80m less than in the previous quarter. We assume that the worst is now over and that loan loss provisions will decline in 2011.

The economic surrounding conditions overall have been very good. The economic recovery which emerged at the start of the year has continued, especially in Germany, proving robust in the second half of the year. Loan loss provisions are approaching the steady-state level, and in some segments have already reached this.

However, considerable uncertainties remain. Market turbulence with a negative impact on the economy, and thus on loan loss provisions, cannot at this stage be ruled out. As long as such negative scenarios, as in particular defaults of public borrowers and banks, do not materialize, provision charges in 2011 will be lower and are unlikely to exceed €2.3bn.

The following overview shows individual cases with a need for specific loan loss provisioning by size range:

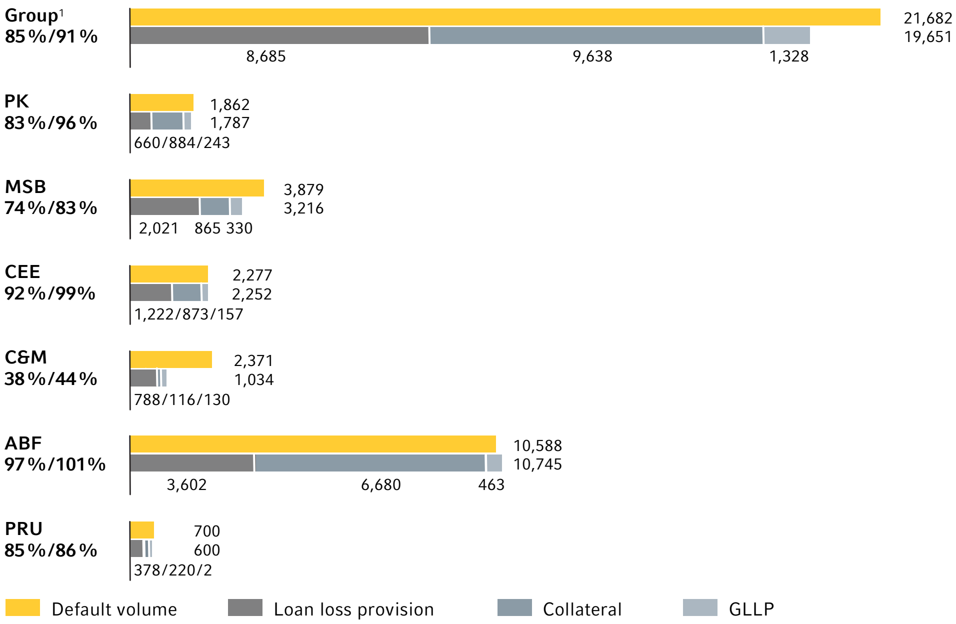
	Other cases < €10m	≥ €10m < €20m		≥ €20m < €50m		≥ €50m		Individual cases ≥ €10m total		
Year	Net LLP total €m	Net LLP total €m	Number of commit-ments	Net LLP total €m	Number of commit-ments	Net LLP total €m	Number of commit-ments	Net LLP total €m	Number of commit-ments	Net LLP total €m
2010	1,064	381	40	564	27	490	11	1,435	78	2,499
2009	2,107	652	48	495	22	960	10	2,107	80	4,214

Cases requiring specific provisions ≥€50m nearly all relate to Asset Based Finance, whereas Mittelstandsbank and PRU also saw releases in this size range. As with provisions overall, the net charge from large individual commitments fell sharply compared with the previous year.

2 Default portfolio

The default portfolio is down slightly on the previous year, and was €21.7bn as at December 31, 2010. The structure can be seen in detail in the chart below:

Default portfolio and coverage ratios by segment
€m – excluding/including GLLP



[1] Including Others and Consolidation.

In the core bank, being composed of Private Customers, Mittelstandsbank, Central & Eastern Europe and Corporates & Markets, default volume was reduced sharply overall compared with the previous year, in line with the sharp fall in loan loss provisions. Despite a currency related negative impact on foreign portfolios, there was a net reduction of around €1bn here. However, at Group level this good performance was largely offset by an €0.8bn rise in the default portfolio in Asset Based Finance (mainly in CRE Banking) and the slight increase in PRU. In some cases the increases in volume in these two segments is due to currency effects.

In Asset Based Finance, 2011 is expected to see significantly lower inflows into the default portfolio. The other segments are expected to show stable or declining inflows. If economic conditions remain good further gains on restructuring and disposal can be expected, reducing the default portfolio, which means that all in all a clear net decline in volumes is anticipated.

Our portfolio, comprising positions of the default portfolio as well as those of the white book and the grey book, is backed by collateral. Collateral worth around €9.6bn is being assigned to the default portfolio. In the Private Customers segment, the collateral relates predominantly to land charges on own and third party-used properties. In the Mittelstandsbank, collateral is spread over various types of security. Guarantees and mortgage liens on commercial properties account for the largest amounts. In addition, large parts of the portfolio are secured by default guarantees and assignments of collateral. The portfolio in the Central & Eastern Europe segment is mainly backed by mortgages, in both retail and commercial businesses. In addition in the corporate business, a significant share of the collateral takes the form of guarantees and pledges. The collateral in the Corporates & Markets portfolio principally comprises assignments of collateral as well as pledges of liquid assets and assignments. In Asset Based Finance, collateral mainly relates to commercial land charges (including shipping mortgages) and also to land charges on own and third party-used properties. The collateral for the PRU portfolio is almost exclusively assignments.

In order to avoid an increase in the default portfolio, overdrafts are closely monitored at Commerzbank. In addition to the 90 days-past-due trigger event, an IT-based management of the overdrafts starts at the first day of the overdraft. The following table shows overdrafts in the white book based on the exposure at default (€m) as at end of December 2010:

Segment	> 0 ≤ 30 days	> 30 ≤ 60 days	> 60 ≤ 90 days	> 90 days	Total
PK	541	54	78	0	674
MSB	1,573	180	69	51	1,874
CEE[1]	86	0	2	0	764
C & M	252	4	76	3	335
ABF	566	104	57	76	803
Group[1, 2]	**3,029**	**373**	**306**	**162**	**4,545**

[1] BRE and Bank Forum are only included in total figures.
[2] Including Others and Consolidation and PRU.

In 2010 total foreclosed assets decreased year-on-year by €117m to €268m (additions €1m, disposals €44m, holding loss €74m). Off the final stock real estate positions worth €176m related to our mortgage subsidiary Eurohypo. The properties are serviced and managed in companies in which Eurohypo owns a majority stake through subsidiaries; this is normally EH Estate Management GmbH. The aim is to increase the value and performance of the commercially-focused real estate portfolio through EH Estate's property expertise so that the properties can be placed on the market again in the short to medium term. Additional properties worth around €92m are being serviced and managed through TIGNATO Beteiligungsgesellschaft.

Market risk

Market risk is the risk of financial losses due to changes in market prices (interest rates, commodities, credit spreads, exchange rates and equity prices) or in parameters that affect prices such as volatilities and correlations. The losses may impact profit or loss directly, e.g. in the case of trading book positions, or may be reflected in the revaluation reserve or in hidden liabilities/reserves in the case of banking book positions. We also monitor market liquidity risk, which covers cases where it is not possible for the Bank to liquidate or hedge risky positions in a timely manner and to the desired extent on acceptable terms as a result of insufficient liquidity in the market.

1 Market risk management

Commerzbank uses a wide range of qualitative and quantitative tools to manage and monitor market price risks. The main guidelines are set in the market risk strategy approved by the Board of Managing Directors. Guidelines for maturity limits and minimum ratings are designed to protect the quality of market risk positions. Quantitative specifications for sensitivities, value at risk, stress tests and scenario analyses as well as economic capital limit the market risk.

The qualitative and quantitative factors limiting market risk are set by the Group Market Risk Committee. The utilization of these limits, together with the relevant net income figures, is reported daily to the Board of Managing Directors and the responsible heads of the business segments. Based on qualitative analyses and quantitative ratios the market risk function identifies potential future risks and anticipates potential financial losses, and draws up proposals for further action. Any adjustments that may be required in the management of the portfolios is decided by committees such as the Group Market Risk Committee.

The main feature of 2010 was the European debt crisis. High levels of debt and downgrades of some European states by rating agencies resulted in increased uncertainty and high price volatility in the markets. Not even the creation of a European rescue facility was able to bring the markets back to normal. This affected the government financing portfolio in the banking book in particular. The exchange rate of the euro against the dollar in 2010 fluctuated notably against the backdrop of the European debt crisis. Despite the difficult market environment, appropriate management measures have kept the currency risk at Commerzbank at a very low level. The same applies to commodity risk, which in 2010 meant mainly a volatile oil price and a very strong gold price. Equity markets were dominated by higher prices and lower volatility.

We expect good economic performance next year in the USA and core Europe. Equity markets are therefore likely to climb higher, which will also help the investment certificates business. No rapid solution to the debt crisis can be expected for the countries on the European periphery. This may result in further turbulences in 2011 on the interest rate and currency markets. There are also dangers from rising inflation, especially as a result of higher commodity prices.

Commerzbank will rigorously drive forward the reduction and optimization of critical portfolios. We anticipate that, under the market conditions described, market risk at Commerzbank will stay steady or fall slightly.

2 Market risk in the trading book

Since the end of October 2010 we have been using a new overall market price risk model based on historical simulation (HistSim model). This ensures that risk measurement is consistent across the whole Group and will meet the future requirements of Basel III. Apart from improving the quality of results, standardizing methods will also reduce complexity.

Value at risk in the trading book was sharply higher year-on-year at end-2010. In addition to the switch to the new internal market risk model this is due to the volatility of the markets during the debt crisis.

The market risk profile in the trading book is diversified across all asset classes, with interest rate risks and credit spread risks predominating.

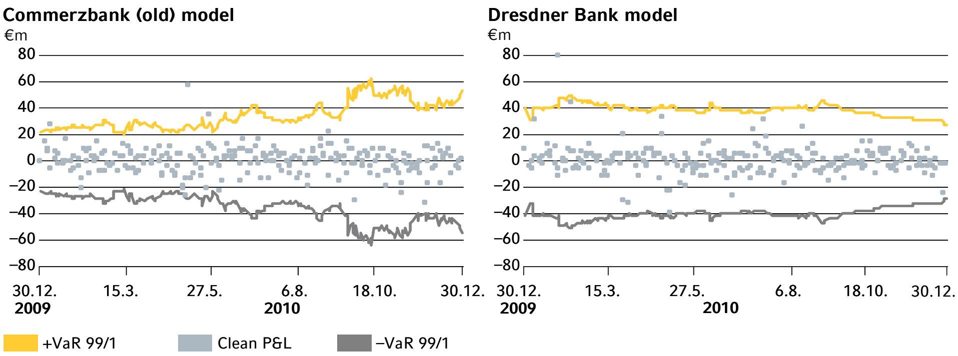
Measures to reduce risk positions, especially in the Portfolio Restructuring Unit, were rigorously driven forward over the year. The complex credit derivatives business was almost entirely wound down. Even so, the much improved capture of credit spread risk following the switch to the HistSim model meant that the contribution of credit spreads and interest rates to value at risk rose.

VaR contribution by risk type in the trading book[1] | €m	31.12.2010	31.12.2009
Credit spreads	43.9	32.6
Interest rates	36.9	13.9
Equities	6.1	9.0
FX	4.7	3.5
Commodities	4.2	1.5
Total	**95.9**	**60.5**

[1] 99% confidence level, holding period 1 day, equally-weighted market data, 250 day history.

Regulatory capital requirement is calculated in consultation with BaFin as before, using the regulator-certified market risk models of Commerzbank (old) and Dresdner Bank. Commerzbank expects the Bundesbank to approve the use of the new market price risk model for regulatory purposes during the course of the current year.

The reliability of the market risk model is constantly monitored by backtesting. Apart from meeting supervisory requirements, the aim is to assess forecasting quality. Analysing the results of backtesting provides important insights into checking parameters and further improving the model. All outliers at Group level are classified under a traffic-light system laid down by the supervisory authorities and are reported immediately to the authorities with details of the size and cause of the failure. No negative portfolio outliers were reported in 2010 using either the Dresdner Bank model or the Commerzbank (old) model.



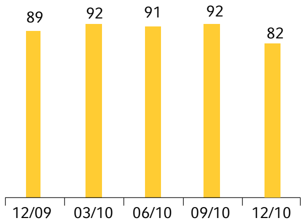
3 Market risk in the banking book

The main drivers of market risk in the banking book are credit spread risks in the Public Finance portfolio, including the positions held by the subsidiaries Eurohypo and Erste Europäische Pfandbrief- und Kommunalkreditbank (EEPK), the Treasury portfolios and equity price risks in the equity investments portfolio. The decision to reduce the Public Finance portfolio continues to be implemented as part of our de-risking strategy.

The adjacent chart documents the changes in credit spread sensitivities of all securities and derivative positions (excluding loans) in Commerzbank Group. The reduction measures mentioned above, especially in the Public Finance portfolio, and slightly lower market values due to a small increase in euro interest rates cut the overall position in credit spread sensitivity to €82m at year-end. Roughly 75% of credit spread sensitivity continues to relate to securities positions classified as loans and receivables (LaR). Changes in credit spreads have no impact on the revaluation reserve or the income statement for these portfolios.

Holdings in the equity investment portfolio were reduced significantly over the year, as planned. This led to a significant reduction in equity risk in the banking book.

Credit spread sensitivities
Downshift 1 bp | €m



Liquidity risk

Liquidity risk is defined in the narrower sense as the risk that Commerzbank will be unable to meet its payment obligations on a day-to-day basis. In a broader sense, liquidity risk is the risk that future payments cannot be funded as and when they fall due, in full, in the correct currency and on standard market conditions.

1 Liquidity risk management

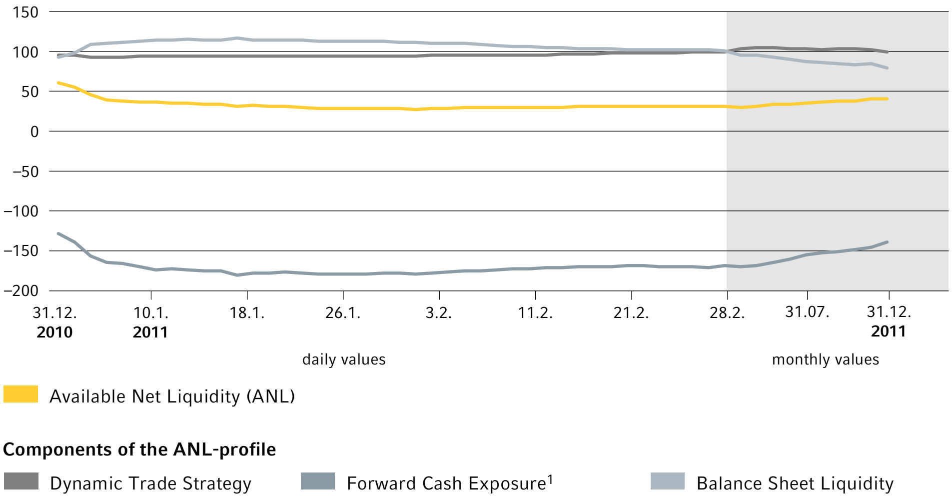
Commerzbank's internal liquidity risk model is the basis for liquidity management and reporting to the Board of Managing Directors. This risk measurement approach calculates the available net liquidity (ANL) for the next twelve months under various scenarios. The calculation is carried out on the basis of deterministic, i.e. contractually agreed, and also statistically expected economic cashflows (forward cash exposure – FCE and dynamic trade strategy – DTS respectively), taking into account realizable assets (balance sheet liquidity – BSL). As at December 31, 2010 the volume of freely available assets eligible for discounting at the central bank that were included in balance sheet liquidity in the ANL modelling was €93bn.

The stress scenario used by management which forms the basis of modelling allows for the impact of both a bank-specific stress event and a broader market crisis when calculating liquidity and setting limits. The stress scenario is used to draw up detailed contingency plans. The stress scenarios are run daily and reported to management. The underlying assumptions are checked regularly and adjusted to reflect changed market conditions as necessary. With the integration of Schiffsbank in 2010, all entities of the Group being relevant for the management of liquidity risk are now covered by the internal liquidity risk model.

2 Available net liquidity

The graph below of ANL and its subcomponents FCE, DTS and BSL shows that under the conservative stress scenario calculated as at December 31, 2010 a sufficient liquidity surplus was available throughout the period analyzed.

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



[1] Derivative positions of former Dresdner Bank are almost fully integrated.

The liquidity surpluses calculated remained within the limits set by the Board of Managing Directors throughout 2010. Commerzbank's solvency was therefore sufficient at all times, not only in terms of the external regulatory requirements of the German Liquidity Regulation, but also in terms of internal limit setting. Our liquidity position can therefore continue to be regarded as stable and comfortable.

We benefit from our core business activities in retail and corporate banking and a widely diversified funding base in terms of products, regions and investors in the money and capital markets.

As part of our ongoing reporting and monitoring of liquidity risk we are supporting various regulatory initiatives to bring international liquidity standards into line and are therefore actively preparing for the introduction of the liquidity risk ratios defined in Basel III. Commerzbank took part in the Quantitative Impact Study on Basel III in 2010 and launched a project to regularly calculate the Basel III observation data.

Operational risk

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

1 OpRisk management

The management and limitation of operational risks differs systematically from limiting credit and market risk, since the relevant management units are not made up of individual clients or positions but internal processes. For this type of risk we focus on anticipatory management by the segments and cross-sectional units based on an overarching risk strategy for operational risks and the associated relevant processes.

Areas for action and quantitative guidelines for the risk strategy are defined at Group level and segment level. Management issues are regularly examined in meetings of the Group and segment OpRisk committees.

Management of the Commerzbank Group's legal risks on a worldwide basis is handled by Group Legal. The latter's main function is to recognize potential losses from legal risks at an early stage, devise solutions for reducing, restricting or avoiding such risks and establish the necessary provisions.

2 OpRisk developments

We continued to drive forward our objective of improving the Group OpRisk profile in the year under review. We completed implementing our standardized methods and processes, and in particular developed our early warning system further.

The total charge to Commerzbank in 2010 for OpRisk events (losses plus changes in provisions taken against income for operational risks and ongoing litigation) was €274m (previous year: €272m).

This mainly resulted from OpRisk provisions taken in the private customer area with relation to advisory liability and procedural errors.

OpRisk events by segment | €m	2010	2009
Private Customers	132	127
Mittelstandsbank	– 8	46
Central & Eastern Europe	7	1
Corporates & Markets	14	41
Asset Based Finance	34	24
Portfolio Restructuring Unit	11	7
Others and Consolidation	84	26
Group	**274**	**272**

The regulatory capital requirement for operational risk according to the advanced measurement approach (AMA) was €21.8bn at year-end 2010 (previous year's RWA: €19.5bn). Of this, roughly 63% related to Private Customers and Corporates & Markets.

Until our newly developed and integrated model will be certified by the regulatory authorities (planned for 2011), the capital requirement for both regulatory and internal reporting purposes will still be calculated separately for Commerzbank (old) and Dresdner Bank and reported as a total.

Other risks

1 Business risk

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

2 Unquantifiable risks

To meet the requirements of pillar II of the Basel framework, MaRisk insists on an integrated approach to risk that also includes unquantifiable risk categories. In Commerzbank these are subjected to a qualitative management and control process.

Human resources risk

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

- Adjustment risk: We offer selected internal and external training and continuing education programmes to ensure that the level of employee qualifications keeps pace with the current state of developments and that our employees can fulfil their duties and responsibilities.
- Motivation risk: We use employee surveys, particularly during the integration process, to try to respond as quickly as possible to potential changes in our employees' level of corporate attachment and initiate adequate measures.
- Departure risk: We take great care to ensure that the absence or departure of employees does not result in long-term disruptions to our operations. Quantitative and qualitative measures of staff turnover are monitored regularly.
- Supply risk: Our quantitative and qualitative staffing is based on internal operating requirements, business activities, strategy and the Commerzbank risk situation, particularly due to the high demands placed on staff during the merger of the two banks.

Staff are a key resource for Commerzbank. Our success is based on the specialist knowledge, skills, abilities and motivation of our employees. Human resources risk is systematically managed with the aim of identifying risks as early as possible and assessing and managing them by, for instance, applying selected personnel tools. The Board of Managing Directors is regularly informed about human resources risks.

Business strategy risk

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

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

To ensure proper implementation of Group strategy to achieve the required business targets, strategic controls are carried out through quarterly monitoring of quantitative and qualitative targets in the Group and segments. In addition, we also constantly monitor external factors such as market and competitive conditions, capital market requirements and changed regulatory conditions, with relevant changes resulting in adjustments to Group strategy. As part of the regulatory requirements under MaRisk a sustainable business strategy is set, laying out the major business activities and the steps to reach these goals. A risk strategy consistent with this is also set. A strategy process coordinates the planning, implementation, assessment and adjustment of these strategies, which are then communicated throughout the company.

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

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

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

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

Disclaimer
Commerzbank uses state-of-the-art risk measurement methods and models that are based on banking sector practice. The results obtained with the risk models are suitable for the purposes of the management of the Bank. The measurement approaches are regularly reviewed by Risk Control, Internal Audit, external auditors and the German supervisory authorities. Despite the careful development of the models and regular controls, models cannot capture all the influencing factors that may arise in reality, nor the complex behaviour and interactions of these factors. These limits to risk modelling apply particularly in extreme situations. Supplementary stress tests and scenario analyses can only show examples of the risks to which a portfolio may be exposed in extreme market situations. An analysis of all conceivable scenarios is not possible with stress tests and these cannot give a definitive indication of the maximum loss in the case of an extreme event.

Income statement of Commerzbank Aktiengesellschaft for the period from January 1 to December 31, 2010

€m				2010	2009
Interest income from					
a) Lending and money market transactions		10,151			13,576
b) Fixed income securities and debt register claims		1,058			2,395
			11,209		15,971
Interest expense			–6,481		–10,671
				4,728	**5,300**
Current income from					
a) Equities and other non-fixed income securities			2		343
b) Investments in associates			20		56
c) Holdings in affiliated companies			283		380
				305	**779**
Income from profit-pooling and from partial or full profit-transfer agreements				**93**	878
Commission income			3,483		3,546
Commission expense			–752		–557
				2,731	**2,989**
Net trading income				**1,953**	–705
of which: allocation pursuant to Art. 340e (4) HGB	–217				–
Other operating income				**694**	624
General administrative expenses					
a) Personnel expense					
aa) Wages and salaries		–3,023			–3,010
ab) Compulsory social-security contributions, expenses for pensions and other employee benefits		–676			–827
of which: for pensions	–257				–416
			–3,699		–3,837
b) Other administrative expenses			–3,305		–3,622
				–7,004	**–7,459**
Depreciation, amortization and write-downs of intangible and fixed assets				**–250**	–339
Other operating expenses				**–675**	–912
Write-downs and valuation allowances on loans and certain securities and allocations to provisions in lending business				**–831**	–1,687
Income from write-ups on investments in associates, holdings in affiliated companies and securities accounted for as fixed assets				**4**	–1,119
Expenses from the transfer of losses				**–2,891**	–2,048
Income from release of Fund for General Banking Risks				**–**	705
Profit/loss on ordinary activities				**–1,143**	**–3,699**
Extraordinary income			504		–
Extraordinary expenses			–724		–4,830
Extraordinary profit/loss				**–220**	**–4,830**
Taxes on income			259		256
of which: changes in deferred taxes	297				403
Other taxes			–47		–8
				212	**248**
Net loss				**–1,151**	**–7,576**
Withdrawals from capital reserve				**–**	6,619
Withdrawals from revenue reserves					
a) from statutory reserve			–		3
b) from other revenue reserves			1,151		954
				1,151	**957**
Distributable profit				**–**	**–**

Balance sheet of Commerzbank Aktiengesellschaft as of December 31, 2010

Assets I €m				31.12.2010	31.12.2009
Cash reserve					
a) Cash on hand			1,304		1,259
b) Balances with central banks			5,216		6,343
of which: with Deutsche Bundesbank		789			3,300
				6,520	**7,602**
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			243		2,140
				243	**2,140**
Claims on banks					
a) Payable on demand			35,921		30,627
b) Other claims			144,324		136,751
				180,245	**167,378**
Claims on customers				**184,167**	**207,522**
of which: secured by mortgages on real estate		29,204			30,932
public sector loans		6,078			5,966
Bonds and other fixed income securities					
a) Money market instruments					
aa) Issued by public sector borrowers		2,640			–
of which: rediscountable at Deutsche Bundesbank	2,640				–
ab) Issued by other borrowers		94	2,734		5,005
of which: rediscountable at Deutsche Bundesbank	–				4,233
					5,005
b) Bonds and notes					
ba) Issued by public sector borrowers		9,496			12,777
of which: rediscountable at Deutsche Bundesbank	9,058				11,552
bb) Issued by other borrowers		27,731	37,227		61,802
of which: rediscountable at Deutsche Bundesbank	22,190				34,743
					74,579
c) Own bonds			7		23,753
Nominal amount €5m					
				39,968	**103,337**
Equities and other non-fixed income securities				**72**	**11,968**
Trading assets				**183,286**	**–**
Investments in associates				**512**	**819**
of which: investments in banks		279			232
investments in financial services companies		2			6
Holdings in affiliated companies				**13,047**	**14,274**
of which: investments in banks		458			955
investments in financial services companies		521			446
Trust assets				**933**	**1,121**
of which: loans at third-party risk		875			457
Intangible assets					
a) Proprietary intellectual property rights and similar rights and assets			54		–
b) Purchased concessions, industrial property rights and similar rights and assets as well as licences relating to such rights and assets			116		114
				170	**114**
Fixed assets				**995**	**966**
Other assets				**11,611**	**105,102**
Accrued and deferred items					
a) Difference pursuant to Art. 250, (3) of the German Commercial Code - HGB			282		361
b) Other accrued and deferred items			462		7,490
				744	**7,851**
Deferred tax assets				**2,061**	**445**
Total assets				**624,574**	**630,639**

Liabilities and Shareholders' Equity | €m				31.12.2010	31.12.2009
Liabilities to banks					
a) Payable on demand			55,835		67,461
b) With agreed term or period of notice			83,785		85,159
				139,620	**152,620**
Liabilities to customers					
a) Savings deposits					
aa) With agreed period of notice of three months		3,896			5,121
ab) With agreed period of notice of more than three months		260			341
			4,156		5,462
b) Other liabilities					
ba) Payable on demand		124,931			121,599
bb) With agreed term or period of notice		78,769			89,223
			203,700		210,822
				207,856	**216,284**
Securitized liabilities					
a) Bonds and notes issued			42,282		66,367
b) Other securitized liabilities			6,293		19,873
				48,575	**86,240**
of which:					
ba) Money market instruments		6,285			19,844
bb) Own acceptances and promissory notes outstanding		8			12
Trading liabilities				**160,262**	–
Trust liabilities				**933**	**1,121**
of which: loans at third-party risk		875			457
Other liabilities				**25,977**	**121,518**
Accrued and deferred items					
a) Difference pursuant to Art. 340e, (2) of the German Commercial Code - HGB			127		82
b) Other accrued and deferred items			580		7,907
				707	**7,989**
Provisions					
a) Provisions for pensions and similar commitments			198		3,576
b) Provisions for taxes			736		1,038
c) Other provisions			4,079		4,134
				5,013	**8,748**
Subordinated liabilities				**11,226**	**12,144**
Profit-sharing certificates outstanding				**1,027**	**1,310**
of which: maturing in less than two years		320			603
Fund for General Banking Risks				**217**	–
Capital and reserves					
a) Subscribed capital					
aa) Share capital	3,072				
Own shares	– 24				–
(conditional capital €1,222m)		3,048			3,072
ab) Silent participations		18,020			18,020
			21,068		21,092
b) Capital reserve			1,576		1,573
c) Retained earnings					
ca) Statutory reserve		–			–
cb) Other retained earnings		517			–
			517		–
d) Distributable profit			–		–
				23,161	**22,665**
Liabilities and Shareholders' Equity				**624,574**	**630,639**
1. Contingent liabilities					
a) Contingent liabilities from rediscounted bills of exchange credited to borrowers			3		3
b) Liabilities from guarantees and indemnity agreements			36,234		38,192
				36,237	**38,195**
2. Other commitments					
a) Repurchase commitments under sale with option to repurchase transactions			1		1
b) Irrevocable lending commitments			59,640		71,740
				59,641	**71,741**

Notes

General information

(1) Basis of preparation

The financial statements of Commerzbank Aktiengesellschaft as of December 31, 2010 have been prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch – HGB) and the Accounting Regulation for Credit Institutions and Financial Services Institutions (RechKredV) and in accordance with the provisions of the German Stock Corporation Act (Aktiengesetz – AktG). The rules on recognition and measurement set down in the German Accounting Law Modernization Act (Bilanzrechtmodernisierungsgesetz – BilMoG) were applied for the first time in 2010.

These financial statements consist of the income statement, the balance sheet and the notes. In addition, a management report was produced, as required under Art. 289 HGB.

Unless otherwise indicated, all amounts are shown in millions of euro.

(2) Accounting and measurement policies

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

Risks in the lending business are reflected by creating both specific loan loss provisions and general loan loss provisions for all on-balance-sheet claims and off-balance-sheet transactions using internal parameters and models. A distinction is made between significant and non-significant exposures. Provision is also made for country risks in these calculations. The level of the provision for each individual default risk is based on the difference between the carrying amount of the claim and the net present value of the expected future cash inflows on the claim, calculated using the discounted cash flow method and allowing for any collateral held. General loan loss provisions are calculated using models. Regular reversals of provisions arising from an increase in net present value are reported under Interest income in the Income statement.

Securities held in the liquidity reserve are measured in accordance with the regulations for current assets using the strict lower of cost or market value principle, except where they are included in Hedge relationships. Securities held as investments are measured using the modified lower of cost or market value principle, according to which the entity has the option of measuring at the lower of cost or market value provided that the asset is not permanently impaired.

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

Write-downs and impairments are shown net of write-ups. If the assets are held for trading, the net figure is reported under Net trading income. In the case of liquidity reserves income and expense items are reported under Write-downs and valuation allowances on loans and certain securities and allocations to provisions in lending business. In the case of securities held as investments they are reported under Write-downs and valuation allowances on investments in associates, holdings in affiliated companies and securities accounted for as fixed assets.

Trading assets and trading liabilities are measured at fair value less a risk deduction, in accordance with Art. 340e (3) HGB. The risk deduction is calculated using the supervisory value-at-risk for market price risk. Own issues which have been bought back in the trading portfolio are shown net where there is no longer a debt outstanding.

Repurchase agreements are reported in accordance with the principles of Art. 340b of the German Commercial Code (HGB). In the case of securities lending transactions, securities lent continue to be recognized on the balance sheet of Commerzbank Aktiengesellschaft as long as the title is retained.

Fixed assets are stated at cost and reduced by depreciation in accordance with the rules for fixed assets. The underlying useful lives are based on the general depreciation table published by the tax authorities. If an asset is permanently impaired, it is written down to the impaired value. Proprietary intangible assets are recognized at development cost incurred. Low-value items are accounted for in accordance with the respective local tax simplification rules.

Liabilities are recognized at their settlement amount. Differences between the repayment and the disbursement amount are reported as accrued and deferred items and recognized through profit or loss on a pro-rata temporis basis. Non-current discounted liabilities (zero bonds) are stated at net present value.

Pension provisions are measured at the end of each year on the basis of an external expertise and using the projected unit credit method. The imputed interest expense on these provisions is recognized under Other operating expenses. The calculation parameters can be found in the note on Provisions.

Plan assets held to cover pension and age-related part-time working obligations are measured at fair value and reported combined with the provisions formed for this purpose in accordance with Art. 246 (2) sentence 2 HGB. The same applies for the corresponding income and expense. The difference is recognized in the balance sheet. The contribution required under Art. 67 (1) EGHGB will be provided no later than December 31, 2024.

Provisions for taxes and other provisions are recognized at the settlement amount estimated as necessary using reasonable commercial judgment; provisions with a residual term of more than one year are discounted to their present value. Imputed interest expense on provisions is recognized under Other operating expense.

Derivative financial instruments are used both to hedge balance sheet items and for trading purposes, and are measured individually as of the reporting date. Hedge relationships are created using derivatives transactions in line with the provisions of Art. 254 HGB. Interest rate derivatives used to manage the overall interest rate position of Commerzbank Aktiengesellschaft (asset/liability management) are not measured on the basis of interest rates. Internal transactions are accounted for using the arm's length principle.

Deferred taxes are recognized for all temporary differences between the accounting values of all assets, debts and accruals/deferrals and their tax values. Deferred taxes are measured using the individual company tax rates (and tax regulations) in force on the reporting date or which have been essentially approved in law and are expected to be in force at the time the deferred tax asset will be realized or deferred tax liability settled.

The overall tax rate of Commerzbank Aktiengesellschaft for Germany breaks down as follows:

Corporation tax rate	Solidarity surcharge	Trade tax rate	Overall tax rate
15%	5.5% of Corporation tax	15%	**30.85%**

Deferred taxes from foreign branches are measured using the tax rates in force at the location, which range between 0% and 46%.

Because Commerzbank Aktiengesellschaft includes selected subsidiaries for income tax purposes, deferred tax assets and liabilities arising from timing differences at these companies are recognized at the level of Commerzbank Aktiengesellschaft. For foreign branches, they are recognized at the level of the individual companies.

Deferred tax assets are recognized where it is likely that a taxable profit will be available to be offset against the temporary difference. Tax loss carryforwards and interest carryforwards are taken into account when calculating deferred tax assets where they are expected to be realized within the next five years. Deferred tax assets and liabilities are stated net.

The underlying differences are mainly due to different valuation methods for Provisions, Other liabilities, Claims on banks and Fixed assets, and result in a Deferred tax asset. Deferred tax assets have also been recognized on tax loss-carryforwards where there are sufficient grounds to expect they can be realized within the next five financial years following the reporting date. The net result in the financial year was a deferred tax asset, which we have opted to report.

(3) Currency translation

Foreign currencies are converted into euro in accordance with the provisions of Articles 256a and 340h HGB. We translate items in the balance sheet and the income statement denominated in foreign currencies, as well as pending spot market transactions, at the mid rate on the balance sheet date and forward foreign exchange transactions at the forward rate. Because of the special hedging in the same currency, gains and losses on currency transactions are taken to income. The financial statements of our branches abroad which are denominated in foreign currencies are translated into the reporting currency at the spot market mid-rate on the balance sheet date. Holdings of notes and coins were translated at exchange rates on the balance sheet date.

(4) Changes in accounting policies

Income and expense arising from initial application of the German Accounting Law Modernization Act are generally reported under Extraordinary income and expense. The effects from the initial application of the German Accounting Law Modernization Act have been taken directly to Retained earnings. Commerzbank Aktiengesellschaft has exercised the right not to restate the prior-year figures. No prior-year figures have been calculated for data reported for the first time under the German Accounting Law Modernization Act.

The definition of marketable company has been amended and the prior-year figures restated accordingly.

Starting with this financial year, own issues which have been bought back in the trading portfolio are shown net where there is no longer a debt outstanding. In addition, claims and liabilities under sale and repurchase and securities lending agreements and the positive and negative fair values of derivatives with central counterparties are, subject to certain conditions, shown net.

Notes to the income statement

(5) Breakdown of revenues by geographic markets

€m	2010	2009
Europe including Germany	17,035	19,336
America	419	607
Asia	189	250
Africa	1	22
Total	**17,644**	**20,215**

The total amount includes the items Interest income, Current income from equities and other non-fixed income securities, investments in associates, holdings in affiliated companies, Commission income, Net trading income and Other operating income.

(6) Auditors' fee

We have exercised the option permitted by Art. 285 no. 17 HGB to report the auditors' fee in the consolidated financial statements.

(7) Other operating income

Other operating income of €694m (previous year: €624m) mainly includes revenues from the reversal of provisions.

(8) Other operating expenses

Other operating expenses of €675m (previous year: €912m) mostly include imputed interest on provisions and additions to provisions for litigation and recourse.

(9) Extraordinary profit/loss

The Extraordinary loss was the result of income and expenses incurred by the initial application of the German Accounting Law Modernization Act as of January 1, 2010.

(10) Administrative and agency services

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

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

Notes to the balance sheet

(11) Maturity profile of claims and liabilities

€m	31.12.2010	31.12.2009
Other claims on banks	**144,324**	**136,751**
with a residual term of		
less than three months	87,064	78,211
more than three months, but less than one year	19,186	30,003
more than one year, but less than five years	33,234	25,776
more than five years	4,840	2,761
Claims on customers	**184,167**	**207,522**
with an indefinite term	14,908	14,537
with a residual term of		
less than three months	41,780	63,566
more than three months, but less than one year	22,652	17,501
more than one year, but less than five years	49,730	54,483
more than five years	55,097	57,435

€m	31.12.2010	31.12.2009
Liabilities to banks		
with an agreed term or period of notice	**83,785**	**85,159**
with a residual term of		
less than three months	53,110	39,235
more than three months, but less than one year	4,694	17,285
more than one year, but less than five years	13,214	14,699
more than five years	12,767	13,940
Savings deposits		
with an agreed period of notice of more than three months	**260**	**341**
with a residual term of		
less than three months	42	51
more than three months, but less than one year	68	86
more than one year, but less than five years	126	174
more than five years	24	30
Other liabilities to customers		
with an agreed term or period of notice	**78,769**	**89,223**
with a residual term of		
less than three months	52,506	63,075
more than three months, but less than one year	11,368	10,516
more than one year, but less than five years	7,974	8,162
more than five years	6,921	7,470
Other securitized liabilities	**6,293**	**19,873**
with a residual term of		
less than three months	5,226	14,939
more than three months, but less than one year	1,067	4,930
more than one year, but less than five years	–	4
more than five years	–	–

Of the €42,282m of Bonds and notes issued (previous year: €66,367m), €7,058m will fall due in the financial year 2011.

Due to the regulations of the German Accounting Law Modernization Act, Claims on customers, Claims on banks and Liabilities to banks attributable to the trading portfolio have been reclassified as Trading assets or Trading liabilities and are shown at fair value.

(12) Securities

€m	31.12.2010	31.12.2009
Bonds and other fixed income securities	**39,968**	**103,337**
of which		
Marketable	39,538	101,740
Listed on a stock exchange	21,892	74,389
Not listed	17,646	27,351
Equities and other non-fixed income securities	**72**	**11,968**
of which		
Marketable	1	7,229
Listed on a stock exchange	1	7,229
Investments in associates	**512**	**819**
of which		
Marketable	14	311
Listed on a stock exchange	14	311
Holdings in affiliated companies	**13,047**	**14,274**
of which		
Marketable	–	–
Listed on a stock exchange	–	–

[1] See note on Changes in accounting policies. Previous-year figures have been restated to reflect the amendment to the definition of a marketable company.

Of the Bonds and other fixed income securities in the amount of €39,968m (previous year: €103,337m), €7,187m will fall due in the financial year 2011.

In financial year 2010 €5,101m of securities held as investments were reclassified to the liquidity portfolio.

Due to the regulations of the German Accounting Law Modernization Act, securities attributable to the trading portfolio have been reclassified as Trading assets and are shown at fair value.

(13) Trading assets and liabilities

As of December 31, 2010, the Trading assets and Trading liabilities are made up of:

€m	31.12.2010
Trading assets	**183,286**
Derivative financial instruments	131,455
Claims	1,688
Bonds and other fixed income securities	36,698
Equities and other non-fixed income securities	13,705
Risk deduction Value at Risk	−260

€m	31.12.2010
Trading liabilities	**160,262**
Derivative financial instruments	133,665
Liabilities	26,597

Financial instruments in the trading portfolio are measured at fair value. Under Art. 255 (4) HGB, fair value is equal to market value. For listed products market prices are used; for unlisted products comparable prices, indicative prices from pricing service providers or other banks are used. Non-derivative financial instruments for which market prices are not available are valued applying normal market procedures based on market parameters using specific instruments. The net present value method is most often applied. If it is not possible to measure fair value in this way, acquisition cost is used pursuant to Art. 255 (4) HGB. For an explanation of the measurement of derivative financial instruments held for trading, please see the note on Forward transactions.

Under Art. 340e (3) HGB, when measuring the trading portfolio, a market risk discount is applied based on a risk-adjusted mark-to-market approach. The market risk discount is calculated on the basis of a value-at-risk approach approved by regulators. This specifies a maximum loss from these trading books that, with a 99% probability, will not be exceeded over a holding period of ten days. The historical observation period is one year. The value-at-risk is calculated centrally for the entire portfolio and deducted from trading assets on the balance sheet. In accordance with the German Accounting Law Modernization Act, net income from interest and dividends is reported under Net trading income. Commerzbank Aktiengesellschaft offsets the positive and negative fair values of interest rate swaps with central counterparties in the trading portfolio.

The internal guidelines determining which financial instruments are included in the trading portfolio have not changed during the year.

In financial year 2010, Commerzbank Aktiengesellschaft transferred €217m from Net trading income to the Fund for General Banking Risks.

Due to the regulations of the German Accounting Law Modernization Act, no prior-year figures are shown this year (see the note on Changes in accounting policies).

(14) Hedge relationships

To balance contrary changes in value, micro and portfolio hedge relationships are created to hedge the resultant risks.

Micro hedge relationships created for securities in the liquidity reserve mainly hedge against the general risk of a change in interest rates. Interest-rate-induced changes in the value of the securities are almost entirely compensated by the change in the value of the associated hedges. Micro hedge relationships created for own issues not held for trading are fully hedged against interest rate, currency and other price risks. The terms of each of the hedging instruments almost fully match the terms (e.g. volume, maturity, payment dates, etc.) of the hedged portfolios in case of both types of hedging.

The prospective and retrospective effectiveness of the hedge relationships for securities in the liquidity reserve is demonstrated using regression analysis. The average term to maturity of these micro hedge relationships is six years. The effectiveness of hedge relationships for own issues in the non-trading portfolio is measured using a simplified test based on the same key parameters (critical term match). The average term to maturity of these hedge relationships is six years.

Portfolio hedge relationships are created to protect against interest rate risks in securities in the liquidity reserve, since fair value is managed on a portfolio basis. This means that the overall interest rate position of a portfolio of separate but identical transactions grouped together is hedged. Effectiveness is demonstrated by analysing interest rate sensitivity. The remaining average term of the portfolio hedge relationship created is three years.

The carrying amount of all assets hedged by hedge relationships was €13,019m at the reporting date; the carrying amount of hedged liabilities was €61,495m. The nominal value of hedge relationships on the asset side of the balance sheet was €12,592m at the reporting date and the nominal value of hedge relationships on the liability side €62,920m.

(15) Relations with affiliated companies and associates

The table below shows claims on and liabilities to affiliated companies and associates:

	Affiliated companies		Investments in associates	
€m	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Claims on banks	92,258	83,380	622	1,015
Claims on customers	12,709	11,627	4,194	1,087
Bonds and other fixed income securities	15,181	7,843	–	–
Trading assets	3,852	–	59	–
Liabilities to banks	20,654	21,012	42	25
Liabilities to customers	18,311	10,979	4,025	658
Securitized liabilities	1,923	1,566	–	–
Subordinated liabilities	3,282	2,201	–	5

Transactions with related companies are carried out on arm’s length terms and conditions. Relationships with related parties are set out in detail in the note on Remuneration and loans paid to board members, and in the Remuneration report.

(16) Fiduciary transactions

€m	31.12.2010	31.12.2009
Claims on customers	875	457
Bonds and other fixed income securities	–	276
Other trust assets	–	336
Commerzbank Foundation	58	52
of which: cash at bank - current accounts	1	1
securities	56	50
other assets	1	1
Trust assets	**933**	**1,121**
of which: loans at third-party risk	875	457
Liabilities to banks	15	293
Liabilities to customers	860	776
Commerzbank Foundation	58	52
of which: capital and reserves	56	51
liabilities	1	1
foundation net profit/loss	1	–
Trust liabilities	**933**	**1,121**
of which: loans at third-party risk	875	457

(17) Changes in book value of fixed assets

€m	Intangible assets	Fixed assets	Securities held as investments	Investments in associates[1]	Holdings in affiliated companies[1]
Cost of acquisition/production as of 1.1.2010	**1,135**	**3,485**	**9,876**		
Additions in 2010	128	186	321		
Disposals in 2010	9	104	353		
Transfers	–4	–26	–8,759		
Changes in exchange rates	6	41	40		
Cost of acquisition/production as of 31.12.2010	**1,256**	**3,582**	**1,125**		
Cumulative write-downs	1,086	2,612	448		
of which: Write-downs in 2010	70	180	22		
Write-ups in 2010	–	25	–		
Residual book values as of 31.12.2010	**170**	**995**	**677**	**512**	**13,047**
Residual book values as of 31.12.2009	**114**	**966**	**9,315**	**819**	**14,274**

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

Of the land and buildings with an overall book value of €443m (previous year: €399m) the Bank uses premises of €198m (previous year: €244m) for its own purposes. Office furniture and equipment of €552m (previous year: €567m) is included in the Fixed assets. For securities held as financial investments please see the note on Securities.

Commerzbank Aktiengesellschaft does not undertake research in connection with proprietary intangible assets. Development costs recognized for proprietary intangible assets amounted to €54m in the financial year.

(18) Other assets

Other assets of €11,611m (previous year: €105,102m) mainly consist of premiums paid for option transactions in the non-trading portfolio of €4,475m (previous year: € 19,567m) and €2,636m of initial margins receivables.

Due to the regulations of the German Accounting Law Modernization Act, Other assets attributable to the trading portfolio have been reclassified as Trading assets and are shown at fair value.

(19) Subordinated assets

€m	31.12.2010	31.12.2009
Claims on banks	180,245	167,378
of which: subordinated	1,268	1,156
Claims on customers	184,167	207,522
of which: subordinated	389	312
Bonds and other fixed income securities	39,968	103,337
a) Bonds and notes issued by other borrowers	27,731	61,802
of which: subordinated	–	86
b) Own bonds	7	23,753
of which: subordinated	6	92
Equities and other non-fixed income securities	72	11,968
of which: subordinated	–	13
Trading assets[1]	183,286	–
of which: subordinated	222	–
Subordinated assets total	**1,885**	**1,659**

[1] Trading assets measured at fair value.

(20) Repurchase agreements

The book value of the securities pledged under repurchase agreements which are recognized in the balance sheet was €37,956m (previous year: €45,607m).

(21) The Bank's foreign currency position

On the balance sheet date foreign currency assets totalled €236,527m (previous year: €139,471m).

Foreign currency liabilities amounted to €234,524m (previous year: €139,670m) on the balance sheet date.

(22) Collateral pledged for own liabilities

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

€m	31.12.2010	31.12.2009
Liabilities to banks	62,535	72,912
Liabilities to customers	15,111	39,090
Other commitments	11,785	1
Total	**89,431**	**112,003**

Collateral was provided to borrow funds under securities repurchase agreements, for funds borrowed for specific purposes and in connection with open market transactions in the Eurosystem. The figure for open market transactions includes securities deriving from the securitization of retail mortgage loans by Commerzbank Aktiengesellschaft totalling €12,290m (previous year: €13,856m). The securitizations were carried out via special-purpose entities.

(23) Other liabilities

The Other liabilities of €25,977m (previous year: €121,518m) mainly include €4,580m of premiums received for option transactions in the non-trading portfolio and liabilities under securitization transactions.

Due to the regulations of the German Accounting Law Modernization Act, Other liabilities attributable to the trading portfolio have been reclassified as Trading liabilities and are shown at fair value.

(24) Provisions

a) Provisions for pensions and similar commitments

Pension provisions are calculated on the basis of actuarial principles using a discount rate of 5.15% applying the projected unit credit method; the provision recognized is on the basis of the Heubeck 2005 G mortality tables. This assumes an expected general salary and wage increase of 2.50% p.a. including assumed career trends; pension increases are based on an interest rate of 1.80% p.a. An increase of 2.00% p.a. is assumed for increases in the income threshold. The shortfall due to unrecognized pension obligations within the meaning of Art. 28 (2) EGHGB amounted to €24m.

The contribution required by the change in measuring pensions caused by the German Accounting Law Modernization Act amounted to €444m at the end of the year and will be accumulated by December 31, 2024 at the latest. The contribution for this financial year was recognized under Extraordinary expenses.

Pursuant to Art. 246 (2) sentence 2 HGB, the plan assets held to cover pension and age-related early retirement obligations are netted against the provisions created for this purpose. As of December 31, 2010, the value of the items prior to netting was as follows:

€m	31.12.2010[1]
Fair value of the plan assets	4,076
Amount to be paid	4,671

[1] See note on Changes in accounting policies. Due to the regulations of the German Accounting Law Modernization Act, no prior-year figures are shown this year.

Prior to offset, the imputed interest expense was €181m, income from plan assets was €305m. The historical acquisition costs of the plan assets amounted to €3,894m.

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

b) Other provisions

Other provisions mainly include provisions for restructuring, litigation and recourse risks, and issues relating to personnel. Restructuring provisions amounted to €741m (previous year: €1,126m). Other provisions rose €114m because of imputed interest. Due to regulations of the German Accounting Law Modernization Act, provision amounts attributable to the trading portfolio were reclassified as Trading liabilities.

(25) Subordinated liabilities

In the event of insolvency or winding-up, the Subordinated liabilities of €11,226m (previous year: €12,144m) may only be repaid after the claims of all non-subordinated creditors have been met. There is no obligation to redeem the liability and no claim to interest payments until the claims of these creditors have been satisfied.

The obligations arising from the bonds and notes are subordinated obligations of the issuer which rank pari passu with all the issuer's other subordinated liabilities. In the financial year, interest paid on Subordinated liabilities amounted to €576m (previous year: €566m).

As of December 31, 2010 the following issues exceeded 10% of the aggregate amount for this item:

Code number	Currency	€m	Interest rate	Due date
WKN CB0789	EUR	1,250	4.13	13.9.2016

The holders of bonds cannot call for their redemption. The terms and conditions for subordinated liabilities apply. Conversion into equity or another form of debt is not stipulated in the contractual agreements.

(26) Profit-sharing certificates

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

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

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

Under the terms of the profit-sharing certificates, the servicing of the interest and principal repayments is linked to the Bank's distributable earnings rather than whether or not it pays a dividend. In accordance with the conditions imposed by the EU and the SoFFin agreements the Bank is not permitted to release reserves or special reserves pursuant to Art. 340g HGB in order to service profit-related equity instruments if it reports a net loss for the year. This means that there will be no coupon payments on Commerzbank Aktiengesellschaft's profit-sharing certificates for 2010 unless it has a legal obligation to do so which does not involve releasing reserves or dissolving the Fund for General Banking Risks. A reduction in the book value of the profit-sharing certificates was prevented by the release of reserves permitted under the SoFFin agreements.

Profit-sharing certificates outstanding as of the end of the financial year were as follows:

31.12.2010			
€m	Interest rate	Maturing on 31.12	
632	5.39	2015	Profit-sharing certificate WKN DR2U70
320	6.38	2010	Profit-sharing certificate[1] including: €10m registered profit-sharing certificate WKN 803205
50	7.53	2014	Registered profit-sharing certificate WKN 422785
25	7.56	2014	Registered profit-sharing certificate WKN 422720
1,027			

[1] Repayment on July 1, 2011.

(27) Equity

€		31.12.2010		31.12.2009
Equity		**23,160,614,169.94**		**22,664,750,885.16**
a) Subscribed capital		21,067,742,163.62		21,091,962,034.62
Share capital	3,071,517,607.60		3,071,517,607.60	
Silent participations	18,020,444,427.02		18,020,444,427.02	
Less own shares held	−24,219,871.00		–	
b) Capital reserve		1,576,279,026.27		1,572,788,792.92
c) Retained earnings		516,592,980.05		57.62
Statutory reserve	–		–	
Reserves under Articles of Association	–		–	
Other retained earnings[1]	516,592,980.05		57.62	
d) Distributable profit		–		–

[1] The previous year figure was the reserve for own shares.

a) Subscribed capital

The Share capital of Commerzbank Aktiengesellschaft amounts to €3,071,517,607.60 and is divided into 1,181,352,926 no par value shares (notional par value per share: €2.60). The shares are bearer shares.

The silent participations are based on the contract dated December 19, 2008, together with the supplementary agreement dated June 3, 2009, on the establishment of a silent partnership between the Financial Market Stabilization Fund, represented by the Financial Market Stabilization Authority, and Commerzbank Aktiengesellschaft. Interest of 9% p.a. will be payable on the silent participations provided the Company reports a profit, and the silent participations are 100% eligible for Tier 1 capital purposes. Repayment of the silent participations is at par and the interest rate paid on them rises in years when a dividend is paid. The additional interest to be paid in such cases is based on the total cash dividend paid out. For every full €5,906,764 of cash dividend paid, the interest rate will rise by 0.01 percentage points. The silent participations are reported separately within equity. Interest is only payable on the silent partnership if the Company earns a net distributable profit. This condition was not met in 2010 and no expenses were therefore incurred.

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

Furthermore, Commerzbank Aktiengesellschaft and Allianz SE concluded an agreement on June 3, 2009 on the establishment of a silent partnership, on the basis of which Allianz SE, through a subsidiary, provided Commerzbank Aktiengesellschaft with a silent participation of €750,000,000.00. The silent participation comes with a profit participation consisting of fixed interest of 9% p.a. on the nominal contribution amount plus additional dividend-linked remuneration of 0.01% p.a. for each full €5,906,764 of cash dividends paid. Interest is only payable on the silent partnership if the Company earns a distributable profit.

Moreover a silent partnership contribution of €842,473,825.02 was made by HT1 Funding GmbH.

b) Capital reserve

€	
As of 31.12.2009	**1,572,788,792.92**
Profit from trade with Own shares	3,490,233.35
Additions	–
Withdrawals	–
As of 31.12.2010	**1,576,279,026.27**

In the Capital reserve, premiums from the issue of Commerzbank Aktiengesellschaft shares are shown. Additional cash payments from the issue of conversion and option rights entitling holders to purchase Commerzbank Aktiengesellschaft shares and the difference between acquisition costs and resale proceeds of own shares are also recognized here.

c) Retained earnings

€	Total	Statutory reserve	Reserve for Own shares[1]	Other Retained earnings
As of 31.12.2009	**57.62**	**–**	**57.62**	**–**
Release of reserve for Own shares	**–57.62**	–	–57.62	–
Changes of Own shares	**–44,487,304.22**	–	–	–44,487,304.22
Loss from trading Own shares	**–23,308,192.73**	–	–	–23,308,192.73
Addition to Other retained earnings	**1,735,610,091.17**	–	–	1,735,610,091.17
Withdrawal from Other retained earnings	**–1,151,221,614.17**	–	–	–1,151,221,614.17
As of 31.12.2010	**516,592,980.05**	**–**	**–**	**516,592,980.05**

[1] Only until December 31, 2009.

The withdrawal from Retained earnings was to compensate the Net loss for the year. With regard to Own shares, please refer to the note on Own shares. As a result of the German Accounting Law Modernization Act, the allocation to other Retained earnings is mainly made up of deferred taxes and imputed interest on provisions.

(28) Authorized capital

Year of resolution	Originally Authorized capital €m	Remaining Authorized capital €	Expiring on	Pursuant to the Articles of Association
2009	670	–	14.5.2014	Art. 4 (3)[1]
2009	460	–	14.5.2014	Art. 4 (6)[1]
2006	12	–	30.4.2011	Art. 4 (7)[1]
2010	1,535	1,535,000,000.00	18.5.2015	Art. 4 (3)[2]
As of 31.12.2010	**2,677**	**1,535,000,000.00**		

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

The terms and conditions for capital increases from authorized capital for the individual capital items are as follows as of December 31, 2010 (cf. Commerzbank Aktiengesellschaft Articles of Association as of August 25, 2010):

Article 4 (3) The Board of Managing Directors is authorized, with the approval of the Supervisory Board, to increase the Company's share capital until May 18, 2015, through the issue of new no-par-value shares against cash or contributions in kind, in either one or several tranches, but by a maximum amount of €1,535,000,000.00 (Authorized Capital 2010). In principle, shareholders are to be offered pre-emptive rights; the statutory pre-emptive rights may also be offered in such a way that the new shares are taken over by a bank or a syndicate of banks with the obligation to offer them to the shareholders of Commerzbank Aktiengesellschaft for subscription. However, the Board of Managing Directors is authorized, with the approval of the Supervisory Board, to exclude the preemptive rights in the following cases:

- in order to exclude any fractional amounts of shares from pre-emptive rights;
- in order, to the extent necessary, to offer to the holders of conversion or option rights, either already issued or still to be issued by Commerzbank Aktiengesellschaft or by companies in which Commerzbank Aktiengesellschaft directly or indirectly holds a majority interest (group companies as defined in Art. 18 (1) Stock Corporation Act) pre-emptive rights to the extent to which they would be entitled as shareholders after they have exercised their conversion or option rights or have met a corresponding conversion or option obligation;
- in order to issue staff shares of up to €12,000,000.00 to employees of Commerzbank Aktiengesellschaft and of companies in which Commerzbank Aktiengesellschaft directly or indirectly holds a majority interest (group companies as defined in Art. 18 (1) Stock Corporation Act);
- in order to increase the share capital against contributions in kind

- in the case of capital increases against contributions in cash if the issue price of the new shares is not substantially lower than the stock exchange price for shares of the Company with the same conditions at the time of determination of the issue price. The shares issued under the exclusion of pre-emptive rights under Articles 203 (1), 186 (3) sentence 4 Stock Corporation Act on the basis of this authorization may not exceed a maximum amount of 10% of the Company's share capital at the time this authorization becomes effective or at the time of exercise of the authorization, whichever amount is lower. The upper limit of 10% of the share capital will be reduced by the proportionate amount of share capital attributable to own shares of the Company which are disposed during the term of Authorized Capital 2010 under the exclusion of shareholders' pre-emptive rights under Articles 71 (1) no. 8 sentence 5, 186 (3) sentence 4 Stock Corporation Act. The upper limit will be further reduced by the proportionate amount of share capital attributable to those shares which are to be issued for the servicing of bonds with warrants or convertible bonds with option or conversion rights or with option or conversion obligations, if the bonds are issued during the term of Authorized Capital 2010 under the exclusion of pre-emptive rights, with Art. 186 (3) sentence 4 Stock Corporation Act applying mutatis mutandis.

The Board of Managing Directors is authorized to determine the further details of the capital increase and its implementation.

Article 4 sections (3), (6) and (7) of last year's Articles of Association were deleted by resolution of the Annual General Meeting on May 19, 2010 in order to create a uniform new authorization.

€	Remaining Authorized capital 31.12.2009	Added in financial year	Used in financial year	Expired in financial year	Remaining Authorized capital 31.12.2010
Total	**1,142,000,000.00**	**1,535,000,000.00**	**-**	**1,142,000,000.00**	**1,535,000,000.00**

(29) Conditional capital

€	Conditional capital 31.12.2009	Added in financial year	Expired in financial year	Conditional capital[1] 31.12.2010	of which used conditional capital	available lines
Total	**1,222,000,000.00**	**1,057,666,667.20**	**832,000,000.00**	**1,447,666,667.20**	**-**	**1,447,666,667.20**

[1] Of the Conditional capital increase, €745,666,667.20m is to enable the issuance of shares in the event of the exercise of conversion rights granted to the Financial Market Stabilization Fund, established under the German Financial Market Stabilization Act and represented by the Financial Market Stabilization Authority, as silent partner in the Company. The conditional capital increase will only be carried out to the extent that the Financial Market Stabilization Fund exercises these conversion rights.

The conditions for capital increases from conditional capital for the individual capital items are as follows as of December 31, 2009 (cf. Commerzbank Aktiengesellschaft Articles of Association as of August 25, 2010):

§ 4 (4) As resolved by the Annual General Meeting of May 19, 2010, the Company's share capital shall be conditionally increased by up to €702,000,000.00 divided into 270,000,000 no-par-value bearer shares (Conditional Capital 2010/ I). The conditional capital increase will only be carried out to the extent that holders / creditors of convertible bonds or convertible profit-sharing rights or warrants attached to bonds or profit-sharing certificates issued or guaranteed by Commerzbank Aktiengesellschaft or by companies in which Commerzbank Aktiengesellschaft directly or indirectly holds a majority interest (group companies as defined in Art. 18 (1) Stock Corporation Act) by May 18, 2015 on the basis of the authorization resolved by the Annual General Meeting on May 19, 2010 (Authorization 2010) make use of their conversion or option rights or meet their related conversion or option obligations, and other forms of performance are not selected.

§ 4 (5) As resolved by the ordinary General Meeting held in May 2009, the Company's share capital shall be conditionally increased by up to €390,000,000.00 divided into up to 150,000,000 no-par-value bearer shares (Conditional Capital 2009). The conditional capital increase shall serve to grant shares upon the exercise of exchange rights which were granted to the Financial Market Stabilization Fund (Finanzmarktstabilisierungsfonds), established under the German Financial Market Stabilization Fund Act (Finanzmarktstabilisierungsfondsgesetz) and represented by the Financial Market Stabilization Agency (Finanzmarktstabilisierungsanstalt), as dormant partner of the Company. The conditional capital increase will only be carried out to the extent that the Financial Market Stabilization Fund (Finanzmarktstabilisierungsfonds) makes use of the exchange right.

§ 4 (6) As resolved by the ordinary General Meeting held in May 2010, the Company's share capital shall be conditionally increased by up to €355,666,667.20, divided into up to 136,794,872 no-par-value bearer shares (Conditional Capital 2010/ II). The conditional capital increase shall serve to grant shares upon the exercise of exchange rights which were granted to the Financial Market Stabilization Fund (Finanzmarktstabilisierungsfonds), established under the German Financial Market Stabilization Fund Act (Finanzmarktstabilisierungsfondsgesetz) and represented by the Financial Market Stabilization Agency (Finanzmarktstabilisierungsanstalt), as dormant partner of the Company. The conditional capital increase will only be carried out to the extent that the Financial Market Stabilization Fund (Finanzmarktstabilisierungsfonds) makes use of the exchange right.

(30) Non-distributable amount

The following table shows the amounts not available for distribution after deducting the deferred tax liabilities concerning these amounts. Deferred tax liabilities in an amount of €87m were offset against Deferred tax assets.

€m	31.12.2010[1]
Capitalized proprietary intangible assets	37
Difference arising from the capitalization of plan assets at fair value	112
Capitalization of deferred tax assets	2,148
Non-distributable amount	**2,297**

[1] See note on Changes in accounting policies. Due to the regulations of the German Accounting Law Modernization Act, no prior-year figures are shown this year.

(31) Significant shareholder voting rights

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

Company required to report	Registered office	held directly %	held indirectly %	Total %	Report date
Assicurazioni Generali S.p.A.	Trieste	0.19	4.78	4.97	11.10.2010
Allianz SE	München	7.17	2.31	9.48	21.1.2012

(32) Own shares

	Number of shares units[1]	Accounting par value €1,000	Percentage of share capital
Own shares as of 31.12.2010	9,315,335	24,220	0.79
Largest number acquired during the financial year	9,782,622	25,435	0.83
Shares pledged by customers as collateral as on 31.12.2009	10,276,162	26,718	0.87
Shares acquired during the financial year	216,750,366	563,551	–
Shares disposed of during the financial year	207,435,041	539,331	–

[1] Notional par value per share €2.60.

On May 19, 2010 the Annual General Meeting authorized the Commerzbank Aktiengesellschaft to purchase and sell its own shares for the purpose of securities trading, pursuant to Art. 71 (1) 7, Stock Corporation Act. The aggregate amount of shares to be acquired for this purpose shall not exceed 5% of the share capital of Commerzbank Aktiengesellschaft at the end on any given day. Together with the Company's own shares purchased for other reasons and held by Commerzbank Aktiengesellschaft or attributable to it pursuant to Articles 71d f. Stock Corporation Act, the shares purchased on the basis of this authorization may at no time exceed 10 % of the share capital of Commerzbank Aktiengesellschaft. The lowest price at which own shares may be purchased may not be more than 10% lower than the average share price (closing auction prices or similar successor prices for Commerzbank shares in XETRA trading or a similar successor system to the XETRA system on the Frankfurt Stock Exchange) on the three trading days preceding the purchase; own shares may not be purchased at prices more than 10% higher than this level.

The average purchase price in the past financial year was €6.29 (previous year: €9.35) and the average selling price was €6.27 (previous year: €9.34). The accounting value of repurchased own shares held is deducted from Subscribed capital (previous year: Reserve for Own shares in the amount of €57.62). The difference between the accounting value and the cost of acquisition is offset against Other retained earnings. The excess of the proceeds from reselling treasury shares over the acquisition costs is booked to the Capital reserve.

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

Other notes

(33) Off-balance-sheet transactions

a) Contingent liabilities

€m	31.12.2010	31.12.2009
a) Contingent liabilities from rediscounted bills of exchange	3	3
b) Liabilities from guarantees and indemnity agreements	36,234	38,192
Credit guarantees	3,642	2,105
Other guarantees	25,784	28,979
Letters of credit	6,808	7,108
Total	**36,237**	**38,195**

Contingent liabilities from guarantees and indemnity agreements are mainly related to retail banking with customers generating commission income. Commerzbank Aktiengesellschaft runs the risk that a claim will be made under its contractual obligations due to deteriorating credit quality of the borrower. Account is taken of credit quality risks by creating provisions in the balance sheet. The risk of a claim under a contingent liability is assessed in accordance with the credit risk management parameters implemented pursuant to the German Solvency Regulation.

b) Other commitments

€m	31.12.2010	31.12.2009
a) Repurchase commitments from sales with option to repurchase transactions	1	1
b) Irrevocable lending commitments	59,640	71,740
Loans to customers	48,386	53,890
Loans to banks	8,264	14,703
Guarantees/acceptance credits/letters of credit	2,990	3,147
Total	**59,641**	**71,741**

Irrevocable lending commitments are included in Commerzbank Aktiengesellschaft's lending business and are not reported in the balance sheet. Risks may arise due to the deterioration of a customer's credit quality, for which a corresponding provision is created in the balance sheet.

Commerzbank AG arranges securitizations of the Bank's own receivables as well as of customers' receivables portfolios. The transactions serve to procure liquidity or to tap new sources of funding for customers or Commerzbank Aktiengesellschaft. In the case of direct securitizations of the own receivables, receivable portfolios are derecognized from Commerzbank Aktiengesellschaft's balance sheet.

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

c) Other financial commitments

In the context of operating leasing agreements where Commerzbank is the lessee, economic ownership is retained by the lessor and is therefore not shown in the balance sheet of Commerzbank Aktiengesellschaft. Commerzbank Aktiengesellschaft's liabilities under operating leasing are mainly related to buildings, office furniture and equipment. On December 31, commitments arising from rental and leasing agreements for subsequent years amounted to €2,691m (previous year: €3,391m); of which €851m (previous year: €1,394m) related to affiliated companies.

Liabilities to pay in capital for shares, shares in private limited companies and other shares amounted to €68m (previous year: €62m). Due to our participation in Liquiditäts-Konsortialbank GmbH, Frankfurt/Main, the Bank has an additional funding obligation of €96m (previous year: €96m) in accordance with Art. 26 of the German Limited Liability Companies Act (GmbHG).

Under Art. 5 (10) of the statute governing the German Deposit Protection Fund we have undertaken to indemnify the Association of German Banks for any losses incurred through support provided for banks in which Commerzbank holds a majority interest.

d) Securities lending transactions

Commerzbank Aktiengesellschaft carries out securities lending transactions with the aim of ensuring that its securities trading operations are able to meet delivery obligations and generate income from lending securities held in our trading portfolios. Borrowed securities are not reported in the balance sheet, but securities which are lent continue to be reported because title is retained. The risk of these transactions consists in the settlement risk. It can be defined as the difference between the fair value of the underlying securities and the value of the collateral that we have provided to others or which has been provided to us. A key benefit for Commerzbank Aktiengesellschaft is the additional income generated by lending our securities holdings. As of the reporting date, securities with a fair value of €11,459m (previous year: €11,554m) were out on loan, the fair value of securities borrowed was €22,387m (previous year: €17,189m).

e) Letter of comfort

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

Name	Registered office
AFÖG GmbH & Co. KG	Frankfurt/Main
comdirect bank Aktiengesellschaft	Quickborn
Commerz (East Asia) Ltd.	Hong Kong
Commerzbank (Eurasija) SAO	Moscow
Commerzbank Europe (Ireland)	Dublin
Commerzbank Europe Finance (Ireland) plc.	Dublin
Commerzbank Inlandsbanken Holding GmbH	Frankfurt/Main
Commerzbank International S.A.	Luxembourg
CommerzTrust GmbH	Frankfurt/Main
Commerz Markets LLC	New York
Erste Europäische Pfandbrief- und Kommunalkreditbank Aktiengesellschaft in Luxemburg	Luxembourg
Eurohypo Aktiengesellschaft	Eschborn

(34) Forward transactions

31.12.2010	Nominal amount						Fair value	
	Residual terms							
€m	Due on demand	up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total	Positive	Negative
Foreign-currency-based forward transactions								
OTC products								
Foreign exchange spot and forward contracts	–	471,701	120,937	36,130	1,377	630,145	7,875	7,448
Interest rate and currency swaps	–	18,128	55,226	154,410	108,407	336,171	7,247	8,732
Currency call options	–	33,972	40,869	18,543	6,735	100,119	2,532	–
Currency put options	–	40,328	45,969	19,363	5,328	110,988	–	2,561
Other foreign exchange contracts	4	908	1,195	1,650	1,829	5,586	313	178
Products traded on a stock exchange								
Currency futures	–	2,943	189	–	–	3,132	–	–
Currency options	–	–	–	–	–	–	–	–
Total	**4**	**567,980**	**264,385**	**230,096**	**123,676**	**1,186,141**	**17,967**	**18,919**
of which: trading instruments	**4**	**565,784**	**263,692**	**230,026**	**123,502**	**1,183,008**	**17,593**	**18,860**
Interest-based forward transactions								
OTC products								
Forward rate agreements	–	100,461	485,270	1,913	–	587,644	258	292
Interest rate swaps (same currency)	–	812,391	1,119,063	3,679,553	3,383,831	8,994,838	303,417	303,528
Call options on interest rate futures	–	2,349	26,384	58,281	78,687	165,701	7,382	–
Put options on interest rate futures	–	3,039	18,642	55,057	95,573	172,311	–	7,616
Structured interest rate products	23	4,380	2,496	11,274	7,130	25,303	2,106	1,394
Products traded on a stock exchange								
Interest rate futures	–	582	73,385	6,489	4,128	84,584	–	–
Interest rate options	–	3	51,905	161	–	52,069	–	–
Total	**23**	**923,205**	**1,777,145**	**3,812,728**	**3,569,349**	**10,082,450**	**313,163**	**312,830**
of which: trading instruments	**23**	**872,499**	**1,723,124**	**3,779,444**	**3,563,403**	**9,938,493**	**311,442**	**311,522**
Other forward transactions								
OTC products								
Structured equity/index products	1,433	14,086	12,283	14,516	1,855	44,173	1,277	2,482
Equity call options	–	2,057	9,749	8,823	349	20,978	2,144	–
Equity put options	–	2,804	12,752	11,946	993	28,495	–	3,162
Credit derivatives	–	3,509	13,876	129,746	23,825	170,956	3,886	4,242
Precious metal contracts	3	4,090	1,412	1,130	–	6,635	308	127
Other transactions	–	468	1,058	1,849	106	3,481	375	536
Products traded on a stock exchange								
Equity futures	–	7,041	451	15	12	7,519	–	–
Equity options	–	16,314	43,640	36,483	1,455	97,892	–	–
Other futures	–	2,350	1,970	840	–	5,160	–	–
Other options	–	2,024	4,025	1,278	–	7,327	–	–
Total	**1,436**	**54,743**	**101,216**	**206,626**	**28,595**	**392,616**	**7,990**	**10,549**
of which: trading instruments	**1,436**	**54,285**	**99,022**	**198,689**	**28,008**	**381,440**	**7,815**	**10,323**
Total pending forward transactions								
OTC products	1,463	1,514,671	1,967,181	4,204,184	3,716,025	11,403,524	339,120	342,298
Products traded on a stock exchange	–	31,257	175,565	45,266	5,595	257,683	–	–
Total	**1,463**	**1,545,928**	**2,142,746**	**4,249,450**	**3,721,620**	**11,661,207**	**339,120**	**342,298**

The fair value of financial derivatives is largely driven by the performance of the underlying asset. Underlying assets are, in particular, equities, bonds, currencies, precious metals, commodities, indices and interest rates. Fair value is also affected by future expected fluctuations in the value of the underlying and the residual term of the derivative itself.

Where available, the fair value of derivatives shown is based on prices on active markets, especially stock market prices.

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

Fair value for forwards and swaps is determined using discounted cash flow methodology taking the yield curve for the relevant currency.

Standardized and digital options are generally priced using the Black-Scholes model. In the case of exotic options, multinomial trees and Monte Carlo models are used as valuation methods. Monte Carlo simulations are also used for other structured derivatives.

Option premiums received and paid for financial derivatives in the non-trading portfolio are shown under Other Assets and Other Liabilities. A €342m provision for impending losses was set aside for financial derivatives in the non-trading portfolio. Variation margin posted and received on exchange-traded derivatives amounted to €6,028m (previous year: €9,830m) and €–6,403m (previous year: €–11,051m) respectively. They include €134m/€–154m for interest rate transactions; €5,313m/€–5,534m for equity transactions, €15m/€–189m for foreign currency transactions and €566m/€–526m for transactions with other price risks.

(35) Employees

On average, Commerzbank Aktiengesellschaft employed 41,614 people (previous year: 42,382) last year, who were deployed as follows:

		Total		Male		Female	
		FTE	Empl.	FTE	Empl.	FTE	Empl.
In Germany							
	2010	34,932	37,951	18,824	19,038	16,108	18,913
	2009	35,961	39,544	19,333	19,910	16,628	19,634
Outside of Germany							
	2010	3,597	3,663	2,410	2,454	1,187	1,209
	2009	2,773	2,838	1,851	1,894	922	944
Total							
	2010	38,529	41,614	21,234	21,492	17,295	20,122
	2009	38,734	42,382	21,184	21,804	17,550	20,578

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

Trainees		Total	Male	Female
	2010	2,205	1,025	1,180
	2009	2,265	1,004	1,261

(36) Remuneration and loans to board members

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

Excluding the interest rate-adjusted change in the net present value of pension entitlements included in the calculation of pension liabilities, the total remuneration of the members of the Board of Managing Directors and Supervisory Board was as follows:

€1,000	31.12.2010	31.12.2009
Board of Managing Directors	5,275	5,865
Supervisory Board	1,841	1,974

Total remuneration of the individual members of the Board of Managing Directors for 2010 is shown below, along with the comparative figures for 2009. Contrary to last year, we also show the interest rate-adjusted change in the net present value of pension entitlements as a post-employment benefit expense of the Bank.

€1,000		Short-term employee benefits	Termination benefits	Payouts of share-based remuner-ation plans[4]	Total remuneration	Post-employment benefit expenses[5]
Martin Blessing	2010	617		–	617	197
	2009	572		–	572	123
Frank Annuscheit	2010	603		–	603	227
	2009	545		–	545	102
Markus Beumer	2010	547		–	547	191
	2009	602		–	602	101
Wolfgang Hartmann	2010[2]	–		–	–	–
	2009[1]	232		–	232	18
Dr. Achim Kassow	2010	572		–	572	111
	2009	564		–	564	65
Jochen Klösges	2010	566		–	566	240
	2009[1]	298		–	298	418
Bernd Knobloch	2010[2]	–	–	–	–	–
	2009[2,3]	–	1,113	–	1,113	–
Michael Reuther	2010	575		–	575	278
	2009	575		–	575	185
Dr. Stefan Schmittmann	2010	555		–	555	413
	2009	535		–	535	274
Ulrich Sieber	2010	563		–	563	210
	2009[1]	308		–	308	449
Dr. Eric Strutz	2010	595		–	595	118
	2009	521		–	521	72
Martin Zielke	2010[1]	82		–	82	52
	2009[2]	–		–	–	–
Total	**2010**	**5,275**	**–**	**–**	**5,275**	**2,037**
	2009	**4,752**	**1,113**	**–**	**5,865**	**1,807**

1 Pro rata temporis from the date of appointment or up to the date of departure from the Board.
2 Not members of the Board during the years shown.
3 In 2009 Mr Knobloch received €1,113,000 on the basis of the severance agreement concluded with him.
4 No LTP was paid out in the financial year 2010.
5 Interest rate-adjusted change in the partial (2009) and settlement (2010) amounts of pension entitlements and employer's contributions to BVV retirement fund and the state pension.

Total remuneration of the members of the Board of Executive Directors including the expense for benefits from the Bank after employment has ceased was €7,312,000 (previous year: €7,672,000).

The following table shows the components of short-term benefits. These comprise basic salary, variable remuneration, remuneration for serving as a director at companies consolidated in the Group financial statements of Commerzbank Aktiengesellschaft and other remuneration of individual members of the Board of Managing Directors. The "Other" column includes normal benefits in kind (chiefly use of company cars and insurance plus the tax and social security payments due on these).

No variable remuneration was paid for 2009 or 2010.

€1,000		Basic salary	Variable remuneration[3]	Remuneration for serving on boards[4]	Reduction further to SoFFin cap[4]	Total monetary remuneration	Other[5]	Total short-term employee benefits
Martin Blessing	2010	500	–			500	117	617
	2009	500	–	–	–	500	72	572
Frank Annuscheit	2010	500	–			500	103	603
	2009	480	–	23	–3	500	45	545
Markus Beumer	2010	500	–			500	47	547
	2009	480	–	12	–	492	110	602
Wolfgang Hartmann	2010[2]	–	–	–	–	–	–	–
	2009[1]	200	–	–	–	200	32	232
Dr. Achim Kassow	2010	500	–			500	72	572
	2009	480	–	124	–104	500	64	564
Jochen Klösges	2010	500	–			500	66	566
	2009[1]	280	–	–	–	280	18	298
Bernd Knobloch	2010[2]	–	–	–	–	–	–	–
	2009[2]	–	–	–	–	–	–	–
Michael Reuther	2010	500	–			500	75	575
	2009	480	–	21	–1	500	75	575
Dr. Stefan Schmittmann	2010	500	–			500	55	555
	2009	480	–	–	–	480	55	535
Ulrich Sieber	2010	500	–			500	63	563
	2009[1]	280	–	–	–	280	28	308
Dr. Eric Strutz	2010	500	–			500	95	595
	2009	480	–	2	–	482	39	521
Martin Zielke	2010[1]	78	–			78	4	82
	2009[2]	–	–	–	–	–	–	–
Total	**2010**	**4,578**	**–**			**4,578**	**697**	**5,275**
	2009	**4,140**	**–**	**182**	**–108**	**4,214**	**538**	**4,752**

[1] Pro rata temporis from the date of appointment or up to the date of departure from the Board.
[2] Not members of the Board during the years shown.
[3] Payable in the following year subject to approval of the annual financial statements.
[4] Remuneration for serving on the boards of Group companies paid in the financial years 2009 and 2010 will be offset in full against the SoFFin cap of the previous year and has therefore been allocated to the previous year in the table
[5] The heading "Other" includes non-monetary benefits granted in the year under review and employer's social security contributions, plus tax due on non-monetary benefits.

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

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

As of December 31, 2010 the pension obligations for active members of the Board of Managing Directors amounted to €9.7m (previous year: €7.2m) and for former members of the Board of Managing Directors or their surviving dependants to €69.3m (previous year: €62.7m). There are also pension obligations of €133.9m (previous year: €121.4m) for former directors of Dresdner Bank. Commerzbank Aktiengesellschaft has made provisions for these pension obligations.

Payments to former members of the Board of Managing Directors of Commerzbank Aktiengesellschaft and their surviving dependents amounted to €6,519,000 in the financial year 2010 (previous year: €7,677,000). Payments to former directors of the former Dresdner Bank were €11,154m (previous year: €11,602m).

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

The table below provides information on the shares of long-term performance plans of active members of the Board of Managing Directors, acquired in their capacity as active board members, effective as of December 31, 2010. The members of the Board of Managing Directors renounced all the shares acquired under the 2008 LTP in February 2009 and will therefore not receive any payments from this plan. The fair value of the 2006 and 2007 plans was zero in each case as of December 31, 2010. This led to the full reversal of the provision of around €10,000 which had been created.

Currently active long-term performance plans of active members of the Board of Managing Directors acquired in their capacity as active board members:

	LTP	Number of participating shares	fair value		pro rata provisions as of 31.12.2010
			when the shares were granted €1,000	as of 31.12.2010 €1,000	€1,000
Martin Blessing	2008	–	–	–	–
	2007	2,500	79	–	–
	2006	2,500	87	–	–
Frank Annuscheit	2008	–	–	–	–
	2007	1,200	38	–	–
	2006	1,200	42	–	–
Dr. Achim Kassow	2008	–	–	–	–
	2007	2,500	79	–	–
	2006	2,500	87	–	–
Michael Reuther	2008	–	–	–	–
	2007	2,500	79	–	–
	2006	–	–	–	–
Dr. Eric Strutz	2008	–	–	–	–
	2007	2,500	79	–	–
	2006	2,500	87	–	–
Sum	**2008**	**–**	**–**	**–**	**–**
	2007	**11,200**	**354**	**–**	**–**
	2006	**8,700**	**303**	**–**	**–**
Total 2010		**19,900**	**657**	**–**	**–**
Total 2009		**19,900**	**657**	**18**	**9.9**

Members of the Board of Managing Directors not listed in the table above held no LTPs as of December 31, 2010 which they had acquired as an active board member.

The remuneration for the members of the Supervisory Board is regulated in Art. 15 of the Articles of Association of Commerzbank Aktiengesellschaft. Members of the Supervisory Board received total net remuneration for financial year 2010 of €1,563,000 (previous year: €1,681,000). Of this figure, the basic remuneration and remuneration for serving on committees amounted to €1,240,000 (previous year: €1,240,000) and attendance fees to €323,000 (previous year: €441,000). Attendance fees are paid for participating in the meetings of the Supervisory Board and its six committees (Presiding, Audit, Risk, Nomination, Conciliation and Social Welfare Committees) which met in the year under review. Value added tax of €278,000 (previous year: €293,000) payable on the remuneration of the members of the Supervisory Board is reimbursed by Commerzbank AG. Accordingly the total remuneration of the members of the Supervisory Board amounted to €1,841,000 (previous year: €1,974,000).

All told, the Board of Managing Directors and Supervisory Board held no more than 1% (previous year: under 1%) of the issued shares and option rights of Commerzbank Aktiengesellschaft on December 31, 2010.

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

€1,000	**31.12.2010**	**31.12.2009**
Board of Managing Directors	2,647	2,304
Supervisory Board	417	577
Total	**3,064**	**2,881**

Members of the Board of Managing Directors have been granted cash advances and loans with terms ranging from on demand to a due date of 2038 and at interest rates ranging between 2.8% and 5.5%, and in selected instances overdrafts at rates up to 10.7%. Loans are secured in line with normal market practice, if necessary through land charges and rights of lien.

Members of the Supervisory Board have been granted loans with terms ranging from on demand up to a due date in 2040 and at interest rates ranging between 3.8% and 7.7%, and, in individual instances, up to 10.7% for overdrafts. In line with market conditions, loans were granted in some cases without collateral such as land charges or rights of lien.

(37) Corporate Governance Code

We have issued our declaration of compliance with the German Corporate Governance Code pursuant to Art. 161 AktG. This forms part of the corporate governance declaration in the management report, and is also available on the internet at www.commerzbank.de.

(38) Ownership interests

The following information is given pursuant to Art. 285 nos. 11 and 11a HGB.

a) Affiliated companies

Name	Registered office	Share of capital held in %	Currency	Equity 1,000	Net profit/loss 1,000
ABORONUM Grundstücks-Vermietungs-gesellschaft mbH & Co. Objekt Berlin KG	Düsseldorf	60.0	EUR	27	4
ADMERA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	EUR	26	2
AFÖG GmbH & Co. KG	Frankfurt/Main	100.0	EUR	151,071	−95,965
AGV Allgemeine Grundstücksverwaltungs- und -verwertungsgesellschaft mit beschränkter Haftung	Eschborn	100.0	EUR	40	– *)
AJUNTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	EUR	−4,908	−1,582
ALDUNA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	EUR	−10,397	−3,378
ALMURUS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	EUR	8,294	−951
ALTEREGO Beteiligungsgesellschaft mbH	Düsseldorf	100.0	EUR	959	−6,721
ASCARA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	EUR	−689	−488
ASTUTIA Beteiligungsgesellschaft mbH	Düsseldorf	100.0	EUR	3,788	– *)
Atlas-Vermögensverwaltungs-Gesellschaft mit beschränkter Haftung	Bad Homburg v.d. Höhe	100.0	EUR	455,113	– *)
BACUL Beteiligungsgesellschaft mbH	Eschborn	100.0	EUR	3	−7
BERGA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG	Grünwald (Munich)	100.0	EUR	−1,253	400
Bishop Finance Inc.	Wilmington, Delaware	100.0	GBP	569,985	−979
BRE Bank Hipoteczny S.A.	Warsaw	100.0	PLN	368,373	30,861
BRE Bank SA	Warsaw	69.8	PLN	6,923,121	655,907
BRE Finance France S.A.	Levallois Perret	100.0	EUR	163	−18
BRE Holding Sp. z.o.o.	Warsaw	100.0	PLN	370,742	523
BRE Leasing Sp. z o.o.	Warsaw	100.0	PLN	121,358	27,437
BRE Ubezpieczenia Sp. z.o.o.	Warsaw	100.0	PLN	13,051	7,051
BRE Ubezpieczenia Towarzystwo Ubezpieczen i Reasekuracji S.A.	Warsaw	100.0	PLN	59,255	9,460
BRE.locum S.A.	Lódz	80.0	PLN	109,185	6,207
Bridge Re Limited	Hamilton, Bermuda	100.0	USD	411	–
CB Building Kirchberg GmbH	Düsseldorf	100.0	EUR	2,216	785
CBG Commerz Beteiligungsgesellschaft Holding mbH	Bad Homburg v.d. Höhe	100.0	EUR	6,137	– *)
CBG Commerz Beteiligungskapital GmbH & Co. KG	Frankfurt/Main	100.0	EUR	33,745	6,783
CFB-Fonds Transfair GmbH	Düsseldorf	100.0	EUR	26	– *)
CG New Venture 2 Verwaltungsgesellschaft mbH	Wiesbaden	100.0	EUR	83	–
CG New Venture 4 GmbH & Co. KG	Wiesbaden	99.9	EUR	20,315	–
CG Real Estate Master FCP-SIF	Luxembourg	58.0	EUR	203,243	8,464
Chess Finance LLC	New York	100.0	USD	17,161	−1,502
Coba Holdings I, LLC [1]	Wilmington, Delaware	100.0	USD	409,779	15,611
Coba Vermögensverwaltungsgesellschaft mbH	Düsseldorf	100.0	EUR	26	– *)

Name	Registered office	Share of capital held in %	Currency	Equity 1,000	Net profit/loss 1,000
comdirect bank Aktiengesellschaft	Quickborn	80.5	EUR	418,644	52,983
Commerz (East Asia) Limited	Hongkong	100.0	EUR	5,543	47
Commerz Asset Management Asia Pacific Pte Ltd.	Singapore	100.0	SGD	51,099	−7,609
Commerz Business Consulting GmbH	Frankfurt/Main	100.0	EUR	73	– *)
Commerz Direktservice GmbH	Duisburg	100.0	EUR	1,178	– *)
Commerz Grundbesitz Beteiligungsgesellschaft mbH & Co. KG	Frankfurt/Main	90.0	EUR	13,433	1,179
Commerz Markets LLC [2]	Wilmington, Delaware	100.0	USD	412,331	5,111
Commerz Real AG	Düsseldorf	100.0	EUR	408,394	– *)
Commerz Real Asset Verwaltungsgesellschaft mbH	Grünwald (Munich)	100.0	EUR	25	– *)
Commerz Real Autoleasing GmbH	Hamburg	100.0	EUR	7,553	– *)
Commerz Real Baucontract GmbH	Düsseldorf	100.0	EUR	4,238	– *)
Commerz Real Baumanagement GmbH	Düsseldorf	100.0	EUR	52	– *)
Commerz Real Fonds Beteiligungsgesellschaft mbH	Düsseldorf	100.0	EUR	25	– *)
Commerz Real Immobilien GmbH	Düsseldorf	100.0	EUR	12,936	– *)
Commerz Real Investmentgesellschaft mbH	Wiesbaden	100.0	EUR	21,968	– *)
Commerz Real IT-Leasing GmbH	Düsseldorf	100.0	EUR	1,954	– *)
Commerz Real Leasingservice GmbH & Co. KG	Hamburg	100.0	EUR	−20	−103
Commerz Real Mietkauf GmbH	Düsseldorf	100.0	EUR	26	– *)
Commerz Real Mobilienleasing GmbH	Düsseldorf	100.0	EUR	−3,463	– *)
Commerz Real Partner Hannover GmbH	Düsseldorf	100.0	EUR	−386	−205
Commerz Real Partner Nord GmbH	Düsseldorf	100.0	EUR	1,163	−688
Commerz Real Partner Süd GmbH	Düsseldorf	65.0	EUR	1,098	793
Commerz Real Spezialfondsgesellschaft mbH	Wiesbaden	100.0	EUR	5,948	– *)
Commerz Real Verwaltung und Treuhand GmbH	Düsseldorf	100.0	EUR	26	– *)
Commerz Services Holding GmbH	Frankfurt/Main	100.0	EUR	12,564	– *)
Commerz Systems GmbH	Frankfurt/Main	100.0	EUR	6,108	4,351
Commerz Transaction Services Mitte GmbH	Erfurt	100.0	EUR	2,715	– *)
Commerz Transaction Services Nord GmbH	Magdeburg	100.0	EUR	1,493	– *)
Commerz Transaction Services West GmbH	Hamm	100.0	EUR	1,256	– *)
Commerzbank (Eurasija) SAO	Moskow	100.0	RUB	10,922,008	1,333,058
Commerzbank (South East Asia) Ltd.	Singapore	100.0	EUR	69,460	2,203
Commerzbank Asset Management Asia Ltd.	Singapore	100.0	SGD	2,839	−4,399
Commerzbank Auslandsbanken Holding AG	Frankfurt/Main	100.0	EUR	1,792,196	– *)
Commerzbank Auslandsbanken Holding Nova GmbH	Frankfurt/Main	100.0	EUR	921,212	– *)
Commerzbank Capital Funding LLC I	Wilmington, Delaware	100.0	EUR	2	–
Commerzbank Capital Funding LLC II	Wilmington, Delaware	100.0	GBP	2	–
Commerzbank Capital Funding LLC III	Wilmington, Delaware	100.0	EUR	2	–
Commerzbank Capital Funding Trust I	Wilmington, Delaware	100.0	EUR	1	–
Commerzbank Capital Funding Trust II	Wilmington, Delaware	100.0	GBP	1	–
Commerzbank Capital Funding Trust III	Wilmington, Delaware	100.0	EUR	1	–
Commerzbank Capital Investment Company Limited [3]	London	100.0	GBP	–	–
Commerzbank Capital Ventures Management Limited [4]	London	100.0	GBP	–	–
Commerzbank Europe (Ireland)	Dublin, Ireland	81.7	EUR	373,395	436

Name	Registered office	Share of capital held in %	Currency	Equity 1,000	Net profit/loss 1,000
Commerzbank Europe Finance (Ireland) plc	Dublin, Ireland	100.0	EUR	54	1
Commerzbank Finance 2 S.à.r.l. 5)	Luxembourg	100.0	EUR	1,005	–19
Commerzbank Finance 3 S.à.r.l.	Luxembourg	100.0	EUR	132,050	134
Commerzbank Finance BV 6)	Amsterdam, Netherlands	100.0	EUR	6,640	7,292
Commerzbank Holdings (UK) Limited 7)	London	100.0	GBP	495,330	80,100
Commerzbank Holdings France	Paris	100.0	EUR	80,638	2,447
Commerzbank Immobilien- und Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main	100.0	EUR	462,597	– *)
Commerzbank Inlandsbanken Holding GmbH	Frankfurt/Main	100.0	EUR	6,359,838	– *)
Commerzbank International S.A.	Luxembourg	100.0	EUR	558,321	88,045
Commerzbank Investments (UK) Ltd. 8)	London	100.0	GBP	226,381	219,178
Commerzbank Leasing (Guernsey) Limited 9)	St. Peter Port, Guernsey	100.0	EUR	8	–
Commerzbank Leasing 1 S.à.r.l. 10)	Luxembourg	100.0	GBP	258	6
Commerzbank Leasing 2 S.à.r.l. 11)	Luxembourg	100.0	GBP	63,200	–367
Commerzbank Leasing 4 S.à.r.l. 12)	Luxembourg	100.0	GBP	32	18
Commerzbank Leasing 5 S.à r.l. 13)	Luxembourg	100.0	GBP	–91	–44
Commerzbank Leasing 6 S.à.r.l. 14)	Luxembourg	100.0	GBP	111	–20
Commerzbank Leasing December (1) Limited 15)	London	100.0	GBP	1,486	365
Commerzbank Leasing December (10) 16)	London	100.0	GBP	32	–
Commerzbank Leasing December (11) 17)	London	100.0	GBP	–	–
Commerzbank Leasing December (12) Limited 18)	London	100.0	GBP	254	–163
Commerzbank Leasing December (13) Limited 19)	London	100.0	GBP	–	–
Commerzbank Leasing December (15) 20)	London	100.0	USD	–283	12
Commerzbank Leasing December (17) Limited	London	100.0	GBP	207	617
Commerzbank Leasing December (19) Limited	London	100.0	GBP	55,028	55,829
Commerzbank Leasing December (20) Limited	London	100.0	GBP	–	–
Commerzbank Leasing December (21) Limited	London	100.0	GBP	–	–
Commerzbank Leasing December (22) Limited	London	100.0	GBP	22	–421
Commerzbank Leasing December (23) Limited	London	100.0	GBP	25	–45
Commerzbank Leasing December (24) Limited	London	100.0	GBP	737	712
Commerzbank Leasing December (25) Limited	London	70.0	GBP	–14,991	–
Commerzbank Leasing December (26) Limited	London	100.0	GBP	1,345	1,298
Commerzbank Leasing December (3) Limited 21)	London	100.0	GBP	427	–25
Commerzbank Leasing December (4) Limited 22)	London	74.0	GBP	20	–
Commerzbank Leasing December (7) Limited 23)	Edinburgh	100.0	GBP	–	–
Commerzbank Leasing December (8) Limited 24)	London	100.0	GBP	–	–
Commerzbank Leasing December (9) Limited 25)	London	100.0	GBP	–	–
Commerzbank Leasing Holdings Limited 26)	London	100.0	GBP	2,883	6,464
Commerzbank Leasing Limited 27)	London	100.0	GBP	2,109	655
Commerzbank Leasing March (3) Limited 28)	London	100.0	GBP	5	5
Commerzbank Leasing September (5) Limited 29)	London	100.0	GBP	–5	–12
Commerzbank Leasing September (6) Limited 30)	London	100.0	GBP	–	–
Commerzbank Online Ventures Limited 31)	London	100.0	EUR	–	–
Commerzbank Overseas Holdings Limited 32)	London	100.0	GBP	10,039	1,254

Name	Registered office	Share of capital held in %	Currency	Equity 1,000	Net profit/loss 1,000
Commerzbank Property Management & Services Limited [33)]	London	100.0	GBP	–	–945
Commerzbank Securities Ltd [34)]	London	100.0	GBP	475	10
Commerzbank Securities Nominees Limited [35)]	London	100.0	GBP	10	–
Commerzbank U.S. Finance, Inc.	Wilmington, Delaware	100.0	USD	657	13
Commerzbank Zrt., Budapest	Budapest	100.0	HUF	22,231,390	–153,461
CommerzFactoring GmbH	Mainz	50.1	EUR	1,099	– *)
CSA COMMERZ SOUTH AFRICA (PROPRIETARY) LIMITED	Johannesbourg, South Africa	100.0	ZRA	5,833	7,330
Deutsche Schiffsbank AG	Bremen/Hamburg	92.1	EUR	950,370	–
Dom Inwestycyjny BRE Banku S.A.	Warsaw	100.0	PLN	72,474	29,849
Dresdner Bank Brasil S.A. Banco Múltiplo	São Paulo – SP, Brazil	100.0	BRL	269,247	6,419
Dresdner Capital LLC I	Wilmington, Delaware	100.0	USD	1,582	42
Dresdner Capital LLC III	Wilmington, Delaware	100.0	EUR	303	10
Dresdner Capital LLC IV	Wilmington, Delaware	100.0	JPY	18,333	452
Dresdner Kleinwort – Grantchester, Inc.	Wilmington, Delaware	100.0	USD	27,846	16
Dresdner Kleinwort & Co. Holdings, Inc.	Wilmington, Delaware	100.0	USD	224,695	18
Dresdner Kleinwort (Japan) Limited	Hongkong	100.0	JPY	2,250,133	66,717
Dresdner Kleinwort Capital Inc	New York	100.0	USD	3,608	–1,331
Dresdner Kleinwort Capital Investment Trust Limited	London	100.0	GBP	–	–
Dresdner Kleinwort do Brasil Limitada	Rio de Janeiro, Brazil	100.0	BRL	–13,339	–15
Dresdner Kleinwort EIV Manager, Inc.	Wilmington, Delaware	100.0	USD	–18	–
Dresdner Kleinwort Finance Inc.	New York	100.0	USD	2,105	228
Dresdner Kleinwort Group Holdings, LLC	Wilmington, Delaware	100.0	USD	170,917	4
Dresdner Kleinwort Holdings LLC	New York	100.0	USD	65,386	–20,133
Dresdner Kleinwort Leasing Inc.	New York	100.0	USD	15,765	40
Dresdner Kleinwort Limited	London	100.0	GBP	317,053	71,594
Dresdner Kleinwort Moon LLC	Wilmington, Delaware	100.0	USD	83,755	6,039
Dresdner Kleinwort Pfandbriefe Investments II, Inc.	Wilmington, Delaware	100.0	USD	12,959	1,490
Dresdner Kleinwort Services (Guernsey) Limited	St. Peter Port, Guernsey	100.0	GBP	2	–
Dresdner Kleinwort Services LLC	New York	100.0	USD	866	–
Dresdner Kleinwort Servicios y Asesorias Ltda.	Santiago de Chile, Chile	100.0	CLP	–40,713	1,024
Dresdner Kleinwort Stripes LLC	Wilmington, Delaware	100.0	USD	193,213	158
Dresdner Kleinwort Wasserstein (Argentina) S.A.	Buenos Aires, Argentina	100.0	USD	136	–45
Dresdner Kleinwort Wasserstein Securities (India) Private Limited	Mumbai, India	75.0	INR	474,867	75,318
Dresdner Lateinamerika Aktiengesellschaft	Hamburg	100.0	EUR	50,109	– *)
Dresdner UK Investments 2 B.V.	Amsterdam, Netherlands	100.0	EUR	957	5
Dresdner UK Investments N.V.	Amsterdam, Netherlands	100.0	EUR	1,723	4
EH Estate Management GmbH	Eschborn	100.0	EUR	11,026	– *)
EH MoLu IV, LLC	Dover, USA	100.0	USD	14,389	–161

Name	Registered office	Share of capital held in %	Currency	Equity 1,000	Net profit/loss 1,000
EH NY IV, LLC	Dover, USA	100.0	USD	–827	9,710
EHNY Ashland, LLC	Dover, USA	100.0	USD	–827	9,710
EHY Real Estate Fund I, LLC	New York	100.0	USD	–3,511	–353
EHY Sub Asset LLC	Wilmington, Delaware	100.0	USD	–7,901	84
Elco Leasing Limited	London	100.0	GBP	504	3
Erste Europäische Pfandbrief- und Kommunalkreditbank Aktiengesellschaft	Luxembourg	100.0	EUR	281,548	197
Eurohypo (Japan) Corporation	Tokyo, Japan	100.0	JPY	2,876,293	–398,662
Eurohypo Aktiengesellschaft	Eschborn	100.0	EUR	5,661,992	– *)
Eurohypo Capital Funding LLC I	Wilmington, Delaware	100.0	EUR	1	–
Eurohypo Capital Funding LLC II	Wilmington, Delaware	100.0	EUR	3	–
Eurohypo Capital Funding Trust I	Wilmington, Delaware	100.0	EUR	1	–
Eurohypo Capital Funding Trust II	Wilmington, Delaware	100.0	EUR	1	0
EUROHYPO Europäische Hypothekenbank S.A.	Senningerberg, Luxembourg	100.0	EUR	35,250	69,374
European Bank for Fund Services Gesellschaft mit beschränkter Haftung (ebase)	Haar/Munich	80.5	EUR	29,575	6,036
European Venture Partners (Holdings) Ltd	St. Helier, Jersey	85.0	GBP	–	280
European Venture Partners Ltd	London	85.0	GBP	–	9,381
FABA Vermietungsgesellschaft mbH	Düsseldorf	95.0	EUR	26	– *)
Felix (CI) Limited	George Town, Cayman Island	100.0	GBP	25	–
FHB – Immobilienprojekte GmbH	Eschborn	100.0	EUR	52	– *)
FI Pro-City Immobilien GmbH	Eschborn	100.0	EUR	26	– *)
Film Library Holdings LLC	Wilmington, Delaware	51.0	USD	32,321	–2,806
FM LeasingPartner GmbH	Bissendorf, Kr Osnabrück	50.4	EUR	832	290
Forum Immobiliengesellschaft mbH	Eschborn	100.0	EUR	809	– *)
Frankfurter Gesellschaft für Vermögensanlagen mit beschränkter Haftung	Eschborn	100.0	EUR	5,952	– *)
Futura Hochhausprojektgesellschaft mbH	Eschborn	100.0	EUR	2,421	– *)
Galbraith Investments Limited	London	100.0	GBP	71	20
GBG Verwaltungs- und Verwertungsgesellschaft für Grundbesitz mbH	Eschborn	100.0	EUR	312	– *)
General Leasing (No.16) Limited	London	43.8	GBP	–343	–56
G-G-B Gebäude- und Grundbesitz GmbH	Eschborn	100.0	EUR	256	– *)
GIE Dresdner Kleinwort France	Paris	100.0	EUR	–	–
GO German Office GmbH	Wiesbaden	100.0	EUR	–31,818	– *)
gr Grundstücks GmbH Objekt Corvus	Frankfurt/Main	100.0	EUR	53	–3
gr Grundstücks GmbH Objekt Corvus & Co. Sossenheim KG	Frankfurt/Main	100.0	EUR	442	–213
Gresham Leasing March (1) Limited	London	25.0	GBP	1,065	–
Gresham Leasing March (2) Limited	London	25.0	GBP	2,411	288
Grundbesitzgesellschaft Berlin Rungestr. 22–24 mbH	Eschborn	94.0	EUR	1,159	–894
GVG Gesellschaft zur Verwertung von Grundbesitz mit beschränkter Haftung	Eschborn	100.0	EUR	26	– *)
Herradura Ltd	London	100.0	GBP	5	–
Hibernia Beta Beteiligungsgesellschaft mbH	Frankfurt/Main	100.0	EUR	70,644	–10,691

Name	Registered office	Share of capital held in %	Currency	Equity 1,000	Net profit/loss 1,000
Hibernia Eta Beteiligungsgesellschaft mbH	Frankfurt/Main	85.0	EUR	50,168	−7,344
Hibernia Gamma Beteiligungsgesellschaft mbH	Frankfurt/Main	60.6	EUR	139,087	−22,823
Hibernia Sigma Beteiligungsgesellschaft mbH	Frankfurt/Main	100.0	EUR	50,194	−7,376
Intermarket Bank AG	Vienna	56.2	EUR	37,042	1,425
Inversiones Dresdner Kleinwort Chile Ltda.	Santiago de Chile, Chile	100.0	CLP	−1,229,990	141,158
IVV – Immobilien – Verwaltungs- und Verwertungsgesellschaft mbH	Eschborn	100.0	EUR	26	–
KENSTONE GmbH	Eschborn	100.0	EUR	26	– *)
Kleinwort Benson (Canada) Limited	Toronto, Canada	100.0	CAD	–	–
Kommanditgesellschaft MS "CPO ALICANTE" Offen Reederei GmbH & Co.	Hamburg	90.0	EUR	20,504	−1,219
Kommanditgesellschaft MS "CPO ANCONA" Offen Reederei GmbH & Co.	Hamburg	77.2	EUR	39,585	−235
Kommanditgesellschaft MS "CPO BARCELONA" Offen Reederei GmbH & Co.	Hamburg	90.0	EUR	20,543	−926
Kommanditgesellschaft MS "CPO BILBAO" Offen Reederei GmbH & Co.	Hamburg	90.0	EUR	20,791	−765
Kommanditgesellschaft MS "CPO CADIZ" Offen Reederei GmbH & Co.	Hamburg	90.0	EUR	20,819	−617
Kommanditgesellschaft MS "CPO MARSEILLE" Offen Reederei GmbH & Co.	Hamburg	77.2	EUR	39,906	−970
Kommanditgesellschaft MS "CPO PALERMO" Offen Reederei GmbH & Co.	Hamburg	73.9	EUR	39,504	−477
Kommanditgesellschaft MS "CPO TOULON" Offen Reederei GmbH & Co.	Hamburg	90.0	EUR	38,633	−4,995
Kommanditgesellschaft MS "CPO VALENCIA" Offen Reederei GmbH & Co.	Hamburg	90.0	EUR	21,635	−455
Kommanditgesellschaft MS "CPO VIGO" Offen Reederei GmbH & Co.	Hamburg	90.0	EUR	21,428	−369
Langham Nominees Ltd	St. Peter Port, Guernsey	100.0	GBP	–	–
LAUREA MOLARIS Grundstücks-Vermietungs-gesellschaft mbH & Co. Objekt Berlin Anthropolis KG	Düsseldorf	94.5	EUR	−7,355	3,949
LAUREA MOLARIS Grundstücks-Vermietungs-gesellschaft mbH & Co. Objekt Berlin Grindelwaldweg KG	Düsseldorf	94.5	EUR	−4,883	1,836
LUGO Photovoltaik Beteiligungsgesellschaft mbH	Düsseldorf	100.0	EUR	−12,012	−12,420
Magyar Factor Zrt.	Budapest	100.0	HUF	1,912,721	143,383
Marlyna Ltd	London	100.0	GBP	25	–
Marylebone Commercial Finance (2)	London	25.0	GBP	7,014	−47
Marylebone Commercial Finance Limited	London	25.0	GBP	571	–
Max Lease S.à.r.l. & Cie. Secs	Luxembourg	100.0	EUR	3,030	771
MERKUR Grundstücks GmbH	Frankfurt/Main	100.0	EUR	73,576	−530
Messestadt Riem "Office am See" I GmbH	Eschborn	94.0	EUR	−134	– *)
Messestadt Riem "Office am See" II GmbH	Eschborn	94.0	EUR	459	– *)
Messestadt Riem "Office am See" III GmbH	Eschborn	94.0	EUR	19	– *)
Morris (S.P.) Holdings Limited	London	100.0	GBP	11	–
NAVALIS Schiffsbetriebsgesellschaft mbH & Co. MS "NEDLLOYD JULIANA" KG	Hamburg	93.6	EUR	17,771	1,477

Name	Registered office	Share of capital held in %	Currency	Equity 1,000	Net profit/loss 1,000
NAVIPOS Schiffsbeteiligungsgesellschaft mbH	Hamburg	100.0	EUR	902	443
New Asian Land Fund Holdings Limited	Hamilton, Bermuda	100.0	BMD	34,733	−18,438
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Lampertheim KG	Düsseldorf	95.0	EUR	32	166
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekte Plön und Preetz KG	Düsseldorf	90.0	EUR	−517	82
Nordboden Immobilien- und Handelsgesellschaft mbH	Eschborn	100.0	EUR	315	– *)
NOVELLA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	100.0	EUR	10,804	– *)
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Jupiter KG	Düsseldorf	100.0	EUR	21,259	2,110
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Luna KG	Düsseldorf	100.0	EUR	666	335
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Neptun KG	Düsseldorf	100.0	EUR	15,024	1,660
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Pluto KG	Düsseldorf	100.0	EUR	23,056	2,376
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Uranus KG	Düsseldorf	100.0	EUR	36,087	6,091
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Venus KG	Düsseldorf	100.0	EUR	19,797	1,719
Parc Continental Ltd.	London	100.0	GBP	–	–
Pisces Nominees Limited	London	100.0	GBP	76,844	−30,196
Polfactor S.A.	Warsaw	100.0	PLN	46,426	9,560
Property Invest GmbH	Eschborn	100.0	EUR	61,059	−30,332
Property Invest Italy S.r.l.	Milan, Italy	100.0	EUR	60,280	−4,116
PUBLIC JOINT STOCK COMPANY "BANK FORUM"	Kyew, Ukrain	94.5	UAH	764,801	−3,282,345
Real Estate Holdings Limited	Hamilton, Bermuda	100.0	BMD	29,385	10,897
Real Estate TOP TEGEL Drei GmbH	Eschborn	94.0	EUR	60	– *)
Real Estate TOP TEGEL Eins GmbH	Eschborn	94.0	EUR	421	– *)
Real Estate TOP TEGEL Sechs GmbH	Eschborn	94.0	EUR	129	– *)
Real Estate TOP TEGEL Vier GmbH	Eschborn	94.0	EUR	60	– *)
Real Estate TOP TEGEL Zwei GmbH	Eschborn	94.0	EUR	60	– *)
REFUGIUM Beteiligungsgesellschaft mbH	Grünwald (Munich)	100.0	EUR	10,714	5,701
Rood Nominees Limited	London	100.0	GBP	–	–
Rook Finance LLC	Wilmington, Delaware	100.0	USD	31,752	−314
SB-Bauträger Gesellschaft mit beschränkter Haftung	Eschborn	100.0	EUR	55	– *)
SB-Bauträger GmbH & Co. Urbis Hochhaus-KG	Frankfurt/Main	100.0	EUR	232	–
SB-Bauträger GmbH & Co. Urbis Verwaltungs-KG	Frankfurt/Main	100.0	EUR	258	–
SECUNDO Grundstücks-Vermietungs gesellschaft mbH	Düsseldorf	100.0	EUR	5,811	– *)
Service-Center Inkasso GmbH Düsseldorf	Düsseldorf	100.0	EUR	128	– *)
South East Asia Properties Limited	London	100.0	GBP	13,702	–
Southwark Bridge Investments Ltd.	London	100.0	GBP	–	–
Space Park GmbH & Co. KG	Frankfurt/Main	90.0	EUR	−95,038	−39
Süddeutsche Industrie-Beteiligungs-GmbH	Frankfurt/Main	100.0	EUR	6,676	– *)
TARA Immobiliengesellschaft mbH	Eschborn	100.0	EUR	25	– *)

Name	Registered office	Share of capital held in %	Currency	Equity 1,000	Net profit/loss 1,000	
TARA Immobilienprojekte GmbH	Eschborn	100.0	EUR	25	–	*)
The New Asian Property Fund Ltd.	Bermuda	100.0	BMD	9,007	5,726	
Thurlaston Finance Limited	George Town, Cayman Island	100.0	GBP	25	–	
TIGNATO Beteiligungsgesellschaft mbH & Co. KölnTurm Media Park KG	Eschborn	100.0	EUR	–1,329	–9,380	
TOMO Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main	100.0	EUR	22,779	–	*)
Transfinance a.s.	Praha	100.0	CZK	252,529	–41,508	
U.S. Residential Investment I, L.P.	Wilmington, Delaware	90.0	USD	29,058	–5,267	
Unica Immobiliengesellschaft mbH	Eschborn	100.0	EUR	43	–	*)
Valorem LLC	New York	100.0	USD	1,048	–748	
Vendome Lease S.A.	Paris	100.0	EUR	1	–484	
Watling Leasing March (1)	London	25.0	GBP	11,174	–97	
WebTek Software Private Limited i.L.	Bangalore, India	100.0	INR	230,933	14,286	
WESTBODEN – Bau- und Verwaltungsgesellschaft mit beschränkter Haftung	Eschborn	100.0	EUR	55	–	*)
Westend Grundstücksgesellschaft mbH	Eschborn	99.4	EUR	260	–	*)
Wohnbau-Beteiligungsgesellschaft mbH	Eschborn	90.0	EUR	307	–8	
Yarra Finance Limited	George Town, Cayman Island	100.0	GBP	55	–	

b) Associated companies

Name	Registered office	Share of capital held in %	Currency	Equity 1,000	Net profit/loss 1,000
36th Street CO-INVESTMENT, L.P.	Wilmington, Delaware	48.0	USD	14,271	–1,368
AKA Ausfuhrkredit-Gesellschaft mbH	Frankfurt/Main	31.6	EUR	20,500	8,360
Argor-Heraeus S.A.	Mendrisio	26.5	CHF	6,369	20,686
Capital Investment Trust Corporation	Taipei	24.0	TWD	495,022	609,583
Captain Holdings S.à.r.l.	Luxembourg	46.0	GBP	3,929	–42
Commerz Unternehmensbeteiligungs-Aktiengesellschaft	Frankfurt/Main	40.0	EUR	30,000	15
COMUNITHY Immobilien GmbH	Düsseldorf	49.9	EUR	–8,143	747
Exploitatiemaatschappij Wijkertunnel C.V.	Amsterdam	33.3	EUR	10,607	5,991
GIE Céline Bail	Paris	40.0	EUR	–	4,213
GIE Morgane Bail	Paris	40.0	EUR	–	3,581
GIE Northbail	Puteaux	25.0	EUR	–	7
GIE Vulcain Energie	Paris	21.0	EUR	–	23,082
HAJOBANTA GmbH & Co. Asia Opportunity I KG	Düsseldorf	20.7	EUR	150,168	–31,856
IGS Aerosols GmbH	Wehr/Baden	100.0	EUR	3,208	23
ILV Immobilien-Leasing Verwaltungsgesellschaft Düsseldorf mbH	Düsseldorf	47.0	EUR	45,047	1,269
Inmobiliaria Colonial S.A.	Barcelona	20.1	EUR	1,699,600	–474,000
Irving Place Co-Investment, L.P.	New York	33.9	USD	12,633	–
KGAL GmbH & Co. KG	Grünwald (Munich)	45.0	EUR	12,500	–
KGAL Verwaltungs-GmbH	Grünwald (Munich)	45.0	EUR	1,400	–
Linde Leasing GmbH	Wiesbaden	25.0	EUR	600	5,502
MFG Flughafen-Grundstücksverwaltungs-gesellschaft mbH & Co. BETA KG	Grünwald (Munich)	29.4	EUR	62,072	489
MM Cogène 2	Paris	49.8	EUR	–	2,476
RECAP/COMMERZ Alta Phoenix Lofts Investment, L.P. New York	New York	45.0	USD	16,158	–
RECAP/COMMERZ AMW Apartments Investment, L.P. New York	New York	45.0	USD	15,480	–
RECAP/COMMERZ Greenwich Park Investment, - L.P. New York	New York	45.0	USD	10,870	–
Reederei MS "E.R. INDIA" Beteiligungsgesellschaft mbH & Co. KG	Hamburg	26.1	EUR	1,585	–
Southwestern Co-Investment, L.P.	New York	45.0	USD	13,196	–

c) Jointly controlled entities

Name	Registered office	Share of capital held in %	Currency	Equity 1,000	Net profit/loss 1,000
Carbon Trade & Finance SICAR S.A.	Luxembourg	50.0	EUR	1,000	2,860
Delphi I LLC	Wilmington, Delaware	33.3	EUR	−299,141	−26,615
Commerz Finanz GmbH [36)]	Munich	49.9	EUR	9,780	20,258
FV Holding S.A.	Brussels	60.0	EUR	33,659	−5,051
CR Kaiserkarree S.a.r.l.	Luxembourg	50.0	EUR	−26,211	−14,509
Servicing Advisors Deutschland GmbH	Frankfurt/Main	50.0	EUR	2,665	1,731
Urbanitas Grundbesitzgesellschaft mbH	Berlin	50.0	EUR	−7,728	1,396

d) Special purpose entities

Name	Registered office	Share of capital held in %	Currency	Equity 1,000	Net profit/loss 1,000
Honeywell Grundbesitzverwaltungs-GmbH & Co Vermietungs-KG	Grünwald (Munich)	100.0	EUR	−11,577	−1,645

e) Investments in large corporations

Name	Registered office	Share of capital held in %	Voting rights in %
ARES Energie Aktiengesellschaft	Berlin	13.7	13.7
CarMeile AG	Wuppertal	10.0	10.0
ConCardis Gesellschaft mit beschränkter Haftung	Frankfurt/Main	13.9	13.9
EURO Kartensysteme Gesellschaft mit beschränkter Haftung	Frankfurt/Main	13.9	13.9
GEWOBA Aktiengesellschaft Wohnen und Bauen	Bremen	7.1	7.1
Liquiditäts-Konsortialbank Gesellschaft mit beschränkter Haftung	Frankfurt/Main	9.6	9.6
Open Joint-Stock Company Promsvyazbank	Moskow	15.3	15.3

Footnotes regarding name changes		
1)	Renamed:	Dresdner Kleinwort Holdings I, Inc. has been transformed into Coba Holdings I, LLC
2)	Renamed:	Dresdner Kleinwort Securities LLC has been transformed into Commerz Markets LLC
3)	Renamed:	Dresdner Kleinwort Capital Investment Company Limited has been transformed into Commerzbank Capital Investment Company Limited
4)	Renamed:	Dresdner Kleinwort Capital Ventures Management Limited has been transformed into Commerzbank Capital Ventures Management Limited
5)	Renamed:	Dresdner Finance 2 S.à.r.l. has been transformed into Commerzbank Finance 2 S.à.r.l.
6)	Renamed:	Kleinwort Benson Finance BV has been transformed into Commerzbank Finance BV
7)	Renamed:	Dresdner Kleinwort Group Limited has been transformed into Commerzbank Holdings (UK) Limited
8)	Renamed:	Dresdner Investments (UK) Limited has been transformed into Commerzbank Investments (UK) Ltd.
9)	Renamed:	Dresdner Kleinwort Leasing (Guernsey) Ltd has been transformed into Commerzbank Leasing (Guernsey) Limited
10)	Renamed:	Dresdner Leasing 1 S.a.r.l. has been transformed into Commerzbank Leasing 1 S.à.r.l.
11)	Renamed:	Dresdner Leasing 2 S.a.r.l. has been transformed into Commerzbank Leasing 2 S.à.r.l.
12)	Renamed:	Dresdner Leasing 4 S.à.r.l. has been transformed into Commerzbank Leasing 4 S.à.r.l.
13)	Renamed:	Dresdner Leasing 5 S.à.r.l. has been transformed into Commerzbank Leasing 5 S.à r.l.
14)	Renamed:	Dresdner Leasing 6 S.a.r.l. has been transformed into Commerzbank Leasing 6 S.à.r.l.
15)	Renamed:	Dresdner Kleinwort Leasing December (1) Limited has been transformed into Commerzbank Leasing December (1) Limited
16)	Renamed:	Dresdner Kleinwort Leasing December (10) has been transformed into Commerzbank Leasing December (10)
17)	Renamed:	Dresdner Kleinwort Leasing December (11) has been transformed into Commerzbank Leasing December (11)
18)	Renamed:	Dresdner Kleinwort Leasing December (12) Limited has been transformed into Commerzbank Leasing December (12) Limited
19)	Renamed:	Dresdner Kleinwort Leasing December (13) Limited has been transformed into Commerzbank Leasing December (13) Limited
20)	Renamed:	Dresdner Kleinwort Leasing December (15) Limited has been transformed into Commerzbank Leasing December (15)
21)	Renamed:	Dresdner Kleinwort Leasing December (3) Limited has been transformed into Commerzbank Leasing December (3) Limited
22)	Renamed:	Dresdner Kleinwort Leasing December (4) Limited has been transformed into Commerzbank Leasing December (4) Limited
23)	Renamed:	Dresdner Kleinwort Leasing December (7) Limited has been transformed into Commerzbank Leasing December (7) Limited
24)	Renamed:	Dresdner Kleinwort Leasing December (8) Limited has been transformed into Commerzbank Leasing December (8) Limited
25)	Renamed:	Dresdner Kleinwort Leasing December (9) Limited has been transformed into Commerzbank Leasing December (9) Limited
26)	Renamed:	Dresdner Kleinwort Leasing Holdings Limited has been transformed into Commerzbank Leasing Holdings Limited
27)	Renamed:	Dresdner Kleinwort Leasing Limited has been transformed into Commerzbank Leasing Limited
28)	Renamed:	Dresdner Kleinwort Leasing March (3) Limited has been transformed into Commerzbank Leasing March (3) Limited
29)	Renamed:	Dresdner Kleinwort Leasing September (5) Limited has been transformed into Commerzbank Leasing September (5) Limited
30)	Renamed:	Dresdner Kleinwort Leasing September (6) Limited has been transformed into Commerzbank Leasing September (6) Limited
31)	Renamed:	Dresdner Kleinwort Online Ventures Limited has been transformed into Commerzbank Online Ventures Limited
32)	Renamed:	Dresdner Kleinwort Overseas Holdings Limited has been transformed into Commerzbank Overseas Holdings Limited
33)	Renamed:	Dresdner Kleinwort Property Management & Services Limited has been transformed into Commerzbank Property Management & Services Limited
34)	Renamed:	Dresdner Kleinwort Securities Ltd has been transformed into Commerzbank Securities Ltd
35)	Renamed:	Dresdner Kleinwort Securities Nominees Limited has been transformed into Commerzbank Securities Nominees Limited
36)	Renamed:	Dresdner-Cetelem Kreditbank GmbH has been transformed into Commerz Finanz GmbH

Comments and explanations	
*)	Ergebnisabführungsvertrag

Foreign exchange rates for €1 as of December 31, 2010		
Bermuda	BMD	1.33620
Brazil	BRL	2.21770
Chile	CLP	626.28090
United Kingdom	GBP	0.86075
India	INR	59.75800
Japan	JPY	108.65000
Canada	CAD	1.33220
Poland	PLN	3.97500
Russia	RUB	40.82000
Singapore	SGD	1.71360
South Africa	ZAR	8.86250
Taiwan	TWD	38.99750
Tchech Republik	CZK	25.06100
Ukrain	UAH	10.66330
Hungary	HUF	277.95000
USA	USD	1.33620

(39) Investment funds

The following table shows the values of the investment funds, per category, in which Commerzbank Aktiengesellschaft held an investment of more than 10% as of December 31, 2010.

€m	Fair value[1]	Distributions in 2010[1]
Index funds	5,398	2
Mixed funds	469	–
Life insurance funds	372	–
Bond and other fixed income funds	180	1
Hedge funds	91	–
Share and other equity funds	50	–
Other	47	–
Total	**6,607**	**3**

[1] See note on Changes in accounting policies. Due to the regulations of the initial application of the German Accounting Law Modernization Act, no prior-year figures are shown this year.

All fund units subject to disclosure are held in the trading portfolio and measured at fair value. Fair value is therefore equivalent to book value. In some cases restrictions may apply to daily redemptions.

(40) Seats on supervisory boards and similar bodies

Members of the Board of Managing Directors of Commerzbank Aktiengesellschaft

Information pursuant to Art. 285, no. 10, of the German Commercial Code (HGB)
As of December 31, 2010
a) Seats on mandatory supervisory boards
b) Seats on similar bodies

Martin Blessing

./.

Frank Annuscheit

a) comdirect bank Aktiengesellschaft[1]

Markus Beumer

a) Commerz Real AG[1]

Dr. Achim Kassow

a) comdirect bank Aktiengesellschaft[1]
Deputy Chairman

Commerzbank Auslandsbanken Holding AG[1]
Chairman

Generali Deutschland Holding AG[2]

b) Allianz Global Investors Deutschland GmbH

BRE Bank S.A.[1]

Jochen Klösges

a) Commerz Real AG[1]
Chairman

Commerz Real Investmentgesellschaft mbH[1]
Chairman

Deutsche Schiffsbank Akiengesellschaft[1]
Chairman

Eurohypo Aktiengesellschaft[1]
Chairman

b) Commerzbank Auslandsbanken Holding Nova GmbH[1]

Commerzbank Inlandsbanken Holding GmbH[1]
Deputy Chairman

Michael Reuther

a) Eurohypo Aktiengesellschaft[1]

Dr. Stefan Schmittmann

a) Commerz Real AG[1]
Deputy Chairman

Commerzbank Auslandsbanken Holding AG[1]

Eurohypo Aktiengesellschaft[1]

Schaltbau Holding AG[2]

Verlagsgruppe Weltbild GmbH

b) BRE Bank S.A.[1]

KGAL GmbH & Co. KG
Chairman

Ulrich Sieber

a) BVV Pensionsfonds des Bankgewerbes AG
Deputy Chairman

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

Dr. Eric Strutz

a) ABB AG

Commerzbank Auslandsbanken Holding AG[1]
Deputy Chairman

RWE Power AG

b) Commerzbank Auslandsbanken Holding Nova GmbH[1]
Chairman

Commerzbank Inlandsbanken Holding GmbH[1]
Chairman

Mediobanca Banca di Credito Finanziario S.p.A.[2]

SdB-Sicherungseinrichtungsgesellschaft deutscher Banken mbH

Verlagsbeteiligungs- und Verwaltungsgesellschaft mit beschränkter Haftung

Martin Zielke

a) comdirect bank Aktiengesellschaft[1]
Chairman

b) BRE Bank S.A.[1]

Commerzbank Auslandsbanken Holding Nova GmbH[1]
Deputy Chairman

PUBLIC JOINT STOCK COMPANY "BANK FORUM"[1]

[1] Seat on the board of a consolidated company.
[2] Seat on the supervisory board of an external listed company or a supervisory body of a company subject to similar regulations (pursuant to section 5.4.5 of the German Corporate Governance Code).

Members of the Supervisory Board of Commerzbank Aktiengesellschaft

Information pursuant to Art. 285, no. 10, of the German Commercial Code (HGB)
As of December 31, 2010
a) Seats on mandatory supervisory boards
b) Seats on similar bodies

Klaus-Peter Müller

a) Fraport AG Frankfurt Airport Services Worldwide (until December 31, 2010)

Fresenius SE & Co. KGaA (previously Fresenius SE)

Fresenius Management SE (since May 12, 2010)

Linde Aktiengesellschaft

MaschmeyerRürup AG Independent International Consultancy (since February 26, 2010)

b) Landwirtschaftliche Rentenbank

Parker Hannifin Corporation

Assicurazioni Generali S.p.A. (until April 24, 2010)

Uwe Tschäge

./.

Hans-Hermann Altenschmidt

b) BVV Pensionsfonds

BVV Pensionskasse

BVV Unterstützungskasse

Dott. Sergio Balbinot

a) Deutsche Vermögensberatung AG

AachenMünchener Lebensversicherung AG[1]

AachenMünchener Versicherung AG[1]

Generali Deutschland Holding AG[1]

b) Banco Vitalicio de España, C.A. de Seguros y Réaseguros[1] (until June 30, 2010)

Generali España S.A. de Seguros y Reaseguros[1] (since June 30, 2010; the Company was created from the merger of Banco Vitalico C.A. de Seguros y Réaseguros and La Estrella S.A.)

Europ Assistance Holding[1]

Future Generali India Insurance Co. Ltd.[1]

Future Generali India Life Insurance Co. Ltd.[1]

Generali Asia N.V.[1]

Generali China Insurance Company Ltd.[1]
Deputy Chairman

Generali China Life Insurance Co. Ltd.[1]
Deputy Chairman

Generali España, Holding de Entidades de Seguros, S.A.[1]
Deputy Chairman

Generali Finance B.V.[1]

Generali France S.A.[1]
Deputy Chairman

Generali Holding Vienna AG[1]
Deputy Chairman

Generali Investments SpA[1]

Generali (Schweiz) Holding[1]
Deputy Chairman

Generali PPF Holding BV[1]
Chairman

La Centrale Finanziaria Generale S.p.A.[1]

La Estrella S.A.[1] (until June 30, 2010)

Migdal Insurance & Financial Holdings Ltd.[1]

Participatie Maatschappij Graafschap Holland N.V.[1]

Transocean Holding Corporation[1]

Dr.-Ing. Burckhard Bergmann

a) Allianz Lebensversicherungs-AG
Deputy Chairman

E.ON Energie AG

b) OAO Gazprom

Nord Stream AG

OAO Novatek

Telenor

Accumulatorenwerke Hoppecke Carl Zoellner & Sohn GmbH

Jaeger Beteiligungsgesellschaft mbH & Co. KG
Chairman

Herbert Bludau-Hoffmann

(until December 31, 2010)
./.

Dr. Nikolaus von Bomhard

a) ERGO Versicherungsgruppe AG[1]
Chairman

Munich Health Holding AG[1]
Chairman

Karin van Brummelen

./.

Astrid Evers

./.

Uwe Foullong

./.

[1] Seat on the board of a consolidated company.
[2] Seat on the supervisory board of an external listed company or a supervisory body of a company subject to similar regulations (pursuant to section 5.4.5 of the German Corporate Governance Code).

Daniel Hampel

./.

Dr.-Ing. Otto Happel

./.

Sonja Kasischke

./.

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

a) Hochtief AG

National-Bank AG

ThyssenKrupp AG (since January 21, 2010)

b) EQT Infrastructure Limited

RAG Stiftung

Alexandra Krieger

./.

Dr. h.c. Edgar Meister

b) DWS Investment GmbH

Standard & Poors Credit Market Services Europe Limited

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

a) Deutsche Telekom AG[2]

E.ON Ruhrgas AG (until June 30, 2010)

LANXESS AG[2]

LANXESS Deutschland GmbH

ThyssenKrupp Marine Systems AG[1] (until February 2010)

ThyssenKrupp Materials International GmbH[1]

ThyssenKrupp Nirosta GmbH[1] (previously ThyssenKrupp Stainless AG) (until April 2010)

ThyssenKrupp Steel Europe AG[1]

b) Hoberg & Driesch GmbH Chairman

ThyssenKrupp Acciai Speciali Terni S.p.A.[1] (until April 2010)

ThyssenKrupp (China) Ltd.[1] (until April 2010)

Dr. Helmut Perlet

a) Allianz Deutschland AG

Allianz Global Corporate & Specialty AG

Allianz Global Investors AG

Allianz Investment Management SE

GEA GROUP AG

b) Allianz Life Insurance Company of North America

Fireman's Fund Ins. Co.

Allianz of America Inc.

Allianz S.p.A.

Allianz France S.A.

Barbara Priester

./.

Dr. Marcus Schenck

a) E.ON Ruhrgas AG[1]

b) E.ON IT GmbH[1] (Change of name with effect since April 1, 2010)

E.ON Energy Trading SE[1]

[1] Seat on the board of a consolidated company.
[2] Seat on the supervisory board of an external listed company or a supervisory body of a company subject to similar regulations (pursuant to section 5.4.5 of the German Corporate Governance Code).

Employees of Commerzbank Aktiengesellschaft

Information pursuant to Art. 340a, (4), no. 1, of the German Commercial Code (HGB)
As of December 31, 2010

Manfred Breuer
Deutsche Edelstahlwerke GmbH

Dr. Detlev Dietz
Commerz Real AG
Commerz Real Investment-gesellschaft mbH

Gerold Fahr
Stadtwerke Ratingen GmbH

Martin Fischedick
Borgers AG
Commerz Real AG
Commerz Real Investment-gesellschaft mbH

Bernd Förster
SE Spezial Electronic Aktiengesellschaft
Deputy Chairman

Sven Gohlke
Bombardier Transportation GmbH

Bernd Grossmann
Textilgruppe Hof AG

Detlef Hermann
Kaiser's Tengelmann GmbH
Ritzenhoff AG

Jochen H. Ihler
Hüttenwerke Krupp Mannesmann GmbH

Dr. Thorsten Reitmeyer
Commerz Real AG
Commerz Real Investment-gesellschaft mbH

Andreas Schmidt
Goodyear Dunlop Tires Germany GmbH

Dirk Wilhelm Schuh
GEWOBA Wohnen und Bauen AG

Berthold Stahl
Maincor AG
Deputy Chairman

Rupert Winter
Klinikum Burgenlandkreis GmbH

(41) Boards of Commerzbank Aktiengesellschaft

Supervisory Board

Klaus-Peter Müller

Chairman

Uwe Tschäge[1]

Deputy Chairman

Employee of
Commerzbank Aktiengesellschaft

Hans-Hermann Altenschmidt[1]

Employee of
Commerzbank Aktiengesellschaft

Dott. Sergio Balbinot

Managing Director
Assicurazioni Generali S. p. A.

Dr.-Ing. Burckhard Bergmann

Former Chairman of the
Board of Managing Directors
E.ON Ruhrgas AG

Herbert Bludau-Hoffmann[1]

(until December 31, 2010)
Economist
ver.di Trade Union
Financial Services Division,
responsible for
Commerzbank

Dr. Nikolaus von Bomhard

Chairman of the Board of
Managing Directors
Münchener Rückversicherungs-
Gesellschaft AG

Karin van Brummelen[1]

Employee of
Commerzbank Aktiengesellschaft

Astrid Evers[1]

Employee of
Commerzbank Aktiengesellschaft

Uwe Foullong[1]

Member of the ver.di National
Executive Committee

Daniel Hampel[1]

Employee of
Commerzbank Aktiengesellschaft

Dr.-Ing. Otto Happel

Entrepreneur
Luverse AG

Sonja Kasischke[1]

Employee of
Commerzbank Aktiengesellschaft

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

President of the Federation
of German Industries (BDI)

Alexandra Krieger[1]

Cert. Business Manager,
Head Economics Department I
Promotion of Co-Determination
Hans Böckler Foundation

Dr. h.c. Edgar Meister

Lawyer
Former member of the Executive Board
of Deutsche Bundesbank

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

Former Deputy Chairman of the
Board of Managing Directors
ThyssenKrupp AG

Dr. Helmut Perlet

Former member of the
Board of Managing Directors
Allianz SE

Barbara Priester[1]

Employee of
Commerzbank Aktiengesellschaft

Mark Roach[1]

(since January 10, 2011)
Secretary ver.di Trade Union
National Administration

Dr. Marcus Schenck

Member of the
Board of Managing Directors
E.ON AG

Dr. Walter Seipp

Honorary Chairman

[1] Elected by the Bank's employees.

Board of Managing Directors

Martin Blessing
Chairman

Frank Annuscheit

Markus Beumer

Dr. Achim Kassow

Jochen Klösges

Michael Reuther

Dr. Stefan Schmittmann

Ulrich Sieber

Dr. Eric Strutz

Martin Zielke
(since November 5, 2010)

Responsibility statement by the Board of Managing Directors

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

Frankfurt am Main, March 7, 2011
The Board of Managing Directors

Martin Blessing	Frank Annuscheit	Markus Beumer
Achim Kassow	Jochen Klösges	Michael Reuther
Stefan Schmittmann	Ulrich Sieber	Eric Strutz
Martin Zielke		

Auditor's 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, 2010. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's Board of Managing Directors. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

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

Our audit has not led to any reservations.

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

Frankfurt am Main, March 8, 2011

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Lothar Schreiber	Peter Goldschmidt
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

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

Significant subsidiaries and associates

Germany
Atlas Vermögensverwaltungs-Gesellschaft mbH, Bad Homburg v.d.H.
comdirect bank AG, Quickborn
Commerz Real AG, Eschborn
Deutsche Schiffsbank AG, Bremen/Hamburg
Eurohypo AG, Eschborn
Süddeutsche Industrie-Beteiligungs-GmbH, Frankfurt am Main

Abroad
BRE Bank SA, Warsaw
Commerzbank (Eurasija) SAO, Moscow
Commerzbank Europe (Ireland), Dublin
Commerzbank International S.A., Luxembourg
Commerzbank (South East Asia) Ltd., Singapore
Commerzbank Zrt., Budapest
Erste Europäische Pfandbrief- und Kommunalkreditbank AG, Luxembourg
Public Joint Stock Company "Bank Forum", Kiev

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

Representative Offices and Financial Institutions Desks
Addis Ababa, Almaty, Ashgabat, Baku, Bangkok, Beijing (FI Desk), Beirut, Belgrade, Brussels (Liaison Office to the European Union), Bucharest, Buenos Aires, Cairo, Caracas, Dubai (FI Desk), Ho Chi Minh City, Hong Kong (FI Desk), Istanbul, Jakarta, Johannesburg, Kiev, Kuala Lumpur, Lagos, Melbourne, Milan (FI Desk), Minsk, Moscow, Mumbai, New York (FI Desk), Novosibirsk, Panama City, Riga, Santiago de Chile, São Paulo, Seoul, Shanghai (FI Desk), Singapore (FI Desk), Taipei, Tashkent, Tripoli, Zagreb

2011/2012 Financial calendar	
May 4, 2011	Interim Report Q1 2011
May 18, 2011	Annual General Meeting
August 10, 2011	Interim Report Q2 2011
November 4, 2011	Interim Report Q3 2011
End-March 2012	Annual Report 2011

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