COMMERZBANK
The bank at your side

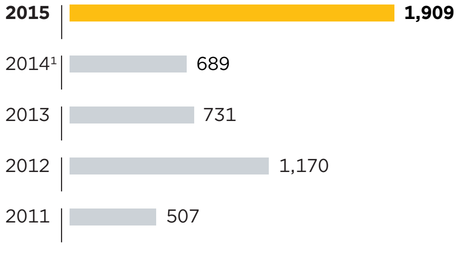
Annual Report 2015

Constantly improving

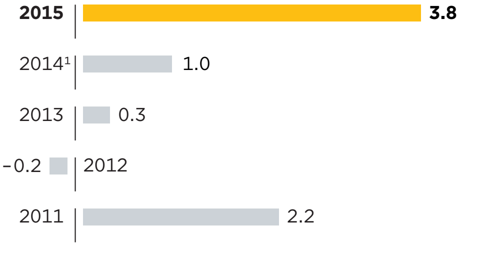
Key figures

Income statement	1.1.–31.12.2015	1.1.–31.12.2014[1]
Operating profit (€m)	1,909	689
Operating profit per share (€)	1.58	0.61
Pre-tax profit or loss (€m)	1,795	628
Consolidated profit or loss[2] (€m)	1,062	266
Earnings per share (€)	0.88	0.23
Operating return on equity less intangible assets[3] (%)	7.3	2.8
Operating return on equity[3] (%)	6.5	2.5
Cost/income ratio in operating business (%)	73.3	79.1
Return on equity of consolidated profit or loss[2,3] (%)	3.8	1.0
Balance sheet	**31.12.2015**	**31.12.2014[1]**
Total assets (€bn)	532.6	558.3
Risk-weighted assets (€bn)	198.2	215.2
Equity as shown in balance sheet (€bn)	30.4	27.0
Total capital as shown in balance sheet (€bn)	42.3	39.4
Capital ratios		
Tier 1 capital ratio (%)	13.8	11.7
Common Equity Tier 1 ratio[4] (%)	13.8	11.7
Common Equity Tier 1 ratio[4] (fully phased-in; %)	12.0	9.3
Total capital ratio (%)	16.5	14.6
Staff	**31.12.2015**	**31.12.2014**
Germany	38,905	39,779
Abroad	12,400	12,324
Total	51,305	52,103
Long/short-term rating		
Moody's Investors Service, New York	Baa1/P-2[5]	Baa1/P-2
Standard & Poor's, New York	BBB+/A-2	A-/A-2
Fitch Ratings, New York/London	BBB/F2	A+/F1+

Operating profit (€m)



Return on equity of consolidated profit or loss[2, 3] (%)



[1] Prior-year figures restated due to the launch of a new IT system plus other restatements.
[2] Insofar as attributable to Commerzbank shareholders.
[3] The capital base comprises the average Group capital attributable to Commerzbank shareholders (or less the capital deduction item "Intangible assets" under Basel 3).
[4] The Common Equity Tier 1 ratio is the ratio of Common Equity Tier 1 (CET1) capital (mainly subscribed capital, reserves and deduction items) to risk-weighted assets. The fully phased-in basis anticipates full application of the new regulations.
[5] Since January 2016 at P-1.

Overview of Commerzbank

Commerzbank is one of Germany's leading banks for private and corporate customers, and an internationally active universal bank with locations spanning more than 50 countries. Its core markets are Germany and Poland. Via the Private Customers, Mittelstandsbank, Corporates & Markets and Central & Eastern Europe segments, it offers its private and corporate customers and institutional investors a comprehensive portfolio of banking and capital market services. Commerzbank is the market leader in German export business and Mittelstand financing. The comdirect and Polish mBank subsidiaries give it both a leading direct bank for online securities trading and one of the world's most innovative online banks. Commerzbank operates one of the densest networks of any private-sector bank in Germany. It serves a total of around 16 million private customers and 1 million business and corporate customers. The Bank, which was founded in 1870, is represented in all the world's major financial centres. In 2015, its approximately 51,300 employees generated gross income of €9.8bn.

Our claim

Our actions are always based on dealing fairly and competently with customers, investors and employees. We intend to offer our private and corporate customers only those banking and capital market services that they need, while ensuring that the applicable laws, regulations and internal rules are observed. Integrity is especially important. It is only by acting with integrity that we can create a foundation for the trust our customers, business partners and investors place in us. This trust is our most important capital. That is why all Commerzbank employees have to take responsibility for their actions. We firmly believe that in this way we will be able to contribute to safeguarding the future and growing the value of our company.

Our strategy

Persistently low interest rates, significantly tighter regulation and changes in customer behaviour as a consequence of digitalisation have fundamentally altered the environment in which banks are operating. We are responding to this by reducing risks further, optimising our capital base, pursuing a policy of strict cost management and at the same time investing in the Core Bank's earnings power, while rigorously orienting our business model towards the needs of our customers and the real economy.

Structure of Commerzbank Group

Board of Managing Directors

Segments

Private Customers

- Private Customers
- Private Customers Northern Region
- Private Customers Eastern Region
- Private Customers Central Region
- Private Customers Western Region
- Private Customers Southern Region
- Direct Banking
- Commerz Real

Mittelstandsbank

- Corporate Banking
- Mittelstandsbank Northern Region
- Mittelstandsbank Eastern Region
- Mittelstandsbank Central Region
- Mittelstandsbank Western Region
- Mittelstandsbank Southern Region
- Corporates International
- CTS + Financial Institutions

Central & Eastern Europe

- mBank

Corporates & Markets

- Advisory & Primary Markets
- Equity Markets & Commodities
- Fixed Income & Currencies
- Credit Portfolio Management
- Research
- Transition London

Non-Core Assets

- Commercial Real Estate
- Deutsche Schiffsbank
- Public Finance

Operating units

All staff and management functions are bundled into the Group Management division.
The support functions of Group Information Technology, Group Organisation & Security, Group Banking Operations, Group Markets Operations, Group Delivery Center and Group Excellence & Support are provided by the Group Services division.

COMMERZBANK

Constantly improving

We grow through our objectives and constantly improve

Commerzbank performed well once again in 2015, and the growth trend in the Core Bank continued. Despite a market environment that remained difficult, we met or even exceeded many of our objectives. Digitalisation is a central driver of our growth here, and of our claim to be constantly improving. We have seized this opportunity and this challenge in numerous large and small projects and are ideally equipped to become the multi-channel bank for Germany.

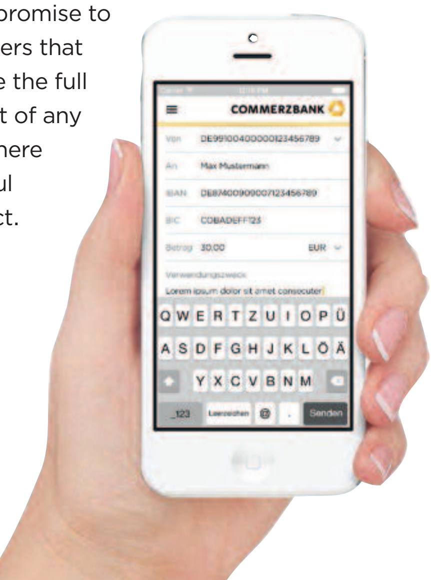
Over the following six pages and at the start of each segment report, you will find a short overview of the major projects undertaken in 2015 and the results achieved.

Digitalisation

Number of online banking customers
at Commerzbank, 2013–2015

The best online banking
with security guarantee

Commerzbank's online banking service is the best of any German branch bank, according to the results of a test conducted by Focus Money in mid-2015. And that is not all: with the photoTAN and mobileTAN, our customers enjoy the greatest possible security when banking online. This is anchored in our security guarantee. We make a promise to our online and mobile banking customers that we will reimburse the full costs in the event of any loss, as long as there has been no wilful improper conduct.



Outlook
Individualisation
of digital customer relationships

Commerzbank is entering a new era in its customer approach: by making better, more intelligent use of our customers' data, we are able to gear our offerings even more precisely towards their needs. The benefit is that instead of seeing general advertising, customers receive targeted recommendations in the online banking tool of products that meet their needs. It goes without saying that we still abide by all applicable data protection requirements; for example we contact customers only where they have not opted out of receiving advertising communications.

Online payments direct from a current account

Paydirekt is the new online payment system of the German banks and savings banks. There is one compelling difference versus other providers, in that Paydirekt is linked to the current account, without any third party being involved. No sensitive account data is communicated via the internet. Commerzbank is one of the first banks to offer its customers this service.

Online chat
7 days a week

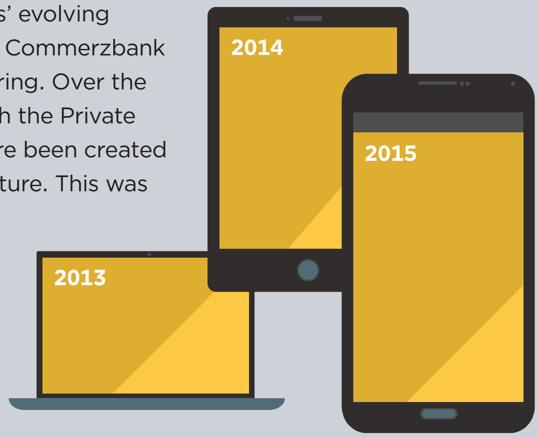
A human being at the side of our customers every day of the week: that is what Commerzbank's new online chat means. Existing and prospective customers can use this channel to make contact with a member of the service team, via text, audio or video chat. Our online chat regarding our products, services and banking-related questions is available for our customers from morning to evening, seven days a week, and supports them in buying a product or taking out a service.

Online identification
via webcam

When opening a free current account, new customers can opt for direct online identification. This spares customers the time-consuming "PostIdent" process. Online identification is also available for the Topzins account, DirektDepot and premium account – and more products will follow.

The multi-channel bank
for the Mittelstand

Technological advances and our customers' evolving requirements are heightening the need for Commerzbank to deliver an integrated multi-channel offering. Over the past two years, working in conjunction with the Private Customers segment, the basis has therefore been created for a modern cross-channel web infrastructure. This was the basis for the successful relaunch of the corporate customer portal in the year under review. This also included adding cutting-edge new online functionalities in the areas of securities investments, cash investments and forex trading. Thanks to well-received customer apps for monitoring accounts – including those held with third-party banks in Germany – and for receiving the latest market information, our mobile offering has enjoyed a successful start. Over the coming years, an even greater range of digital services will be made available to relieve our customers of administrative tasks and enable all relevant products to be accessed through state-of-the-art channels.



12 million

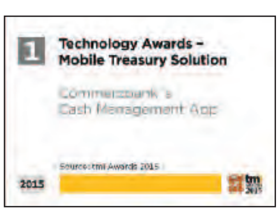
logins to the new corporate customer portal

Digital transformation
of internal processes

To the same extent that customers want to interact with their bank digitally and across multiple channels, the Bank also needs innovative solutions for customer management. Alongside the modernisation of the IT platforms and continued expansion of multi-channel banking, internal processes relating to the customer interface are also being refined. In addition, an even greater focus on customer needs is helping to improve the efficiency of internal processes.

Successful **Cash Management app**

As part of the digitalisation drive, Commerzbank has fundamentally overhauled its online offering via a modern new corporate customer portal with merged and expanded functionalities. Via the Cash Management app – which has been named the best mobile treasury app – corporate customers gain a real-time overview not just of all their accounts with Commerzbank, but also of those with third-party banks in Germany. A total of up to 15 accounts can be connected. The number of downloads has risen steadily since the app went live in March 2015. It is available for Apple iOS and Android and has so far been very well reviewed.



Active promotion of **fintech**

The digital transformation is opening up clear growth opportunities for Commerzbank. We are gearing our business up accordingly and investing in its digitalisation. We keep abreast of trends in banking via our flexible, innovative units – main incubator, CommerzVentures and Start-up Garage – which are immersed in the fintech sector and boost our ability to innovate. main incubator and the Start-up Garage are involved at a very early stage prior to product launches. CommerzVentures, meanwhile, takes equity holdings in companies that have already established themselves with innovative ideas connected to financial services, in order to fund their continued growth.

main incubator

CommerzVentures

Start-up Garage

From a branch bank to a

multi-channel bank

The future of private customer business at Commerzbank is digital and personal. The transformation from branch bank to multi-channel bank is at the heart of our strategy. And we are making good progress. The expansion of the digital offering has been successful, and Commerzbank can today do everything that a direct bank can. We are also revamping our branch business to make us faster and more efficient. The next step will be to intelligently link all these channels together, for example via a common technical platform.

+140%

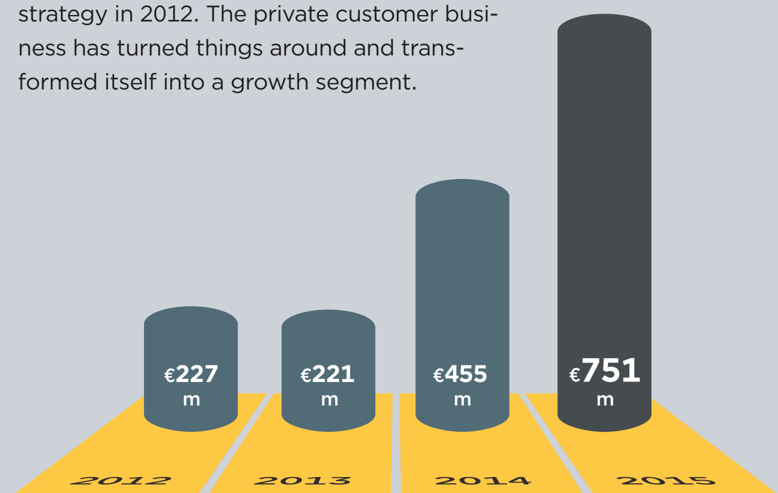
increase in customers' willingness to recommend the Bank

Two-thirds of our customers are happy to recommend Commerzbank. Since 2012 we have measured our customers' willingness to recommend the Bank using the net promoter score. This willingness has risen significantly in the last four years. We are clearly on the right track.

Profitability

up faster than expected

We have a successful strategy in private customer business: we are achieving good growth rates, as more and more customers are choosing us and are happy with their decision. We have steadily increased our operating profit, faster than was expected when we announced the private customer strategy in 2012. The private customer business has turned things around and transformed itself into a growth segment.



Operating profit, 2012–2015 (in € m)

Best advisory

Commerzbank provides the best advisory services for private and business customers, external testers have confirmed. For example, "Euro" magazine once again named Commerzbank the best branch bank in 2015. For the third time in succession, we also won the nationwide City Contest run by Focus Money. Commerzbank emerged as winner in 52 cities, with a score of 2.2. We also emerged victorious in the new "corporate customers" section of the test.

>8% market share

We have undertaken a lot, and achieved a lot. That applies, for example, to our market share, which should be well above 8% in future. We are also continuing down our chosen path in our private and business customer activities, as we know that satisfied customers translate into growth.

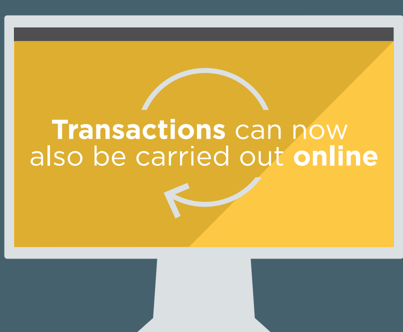
Private Customers distribution

New and well positioned

The branch business is an important part of the multi-channel bank. We are also adopting greater customer proximity in Private Customers distribution. We are bundling our offerings more strongly together and expanding our presence in key markets: there will in future be nearly twice as many locations able to support high net worth customers in Wealth Management. We are offering tailored advice geared more closely to our business customers' needs at around 350 locations. A more streamlined distribution and management structure will create closer relationships with customers and allow for faster decision-making. In addition, the sales structures in private customer business will in future match those in Mittelstandsbank, allowing a shared market presence. Closer cooperation will give rise to tailored on-the-spot advisory services for customers in both personal and business matters.

+66%
in consumer loans

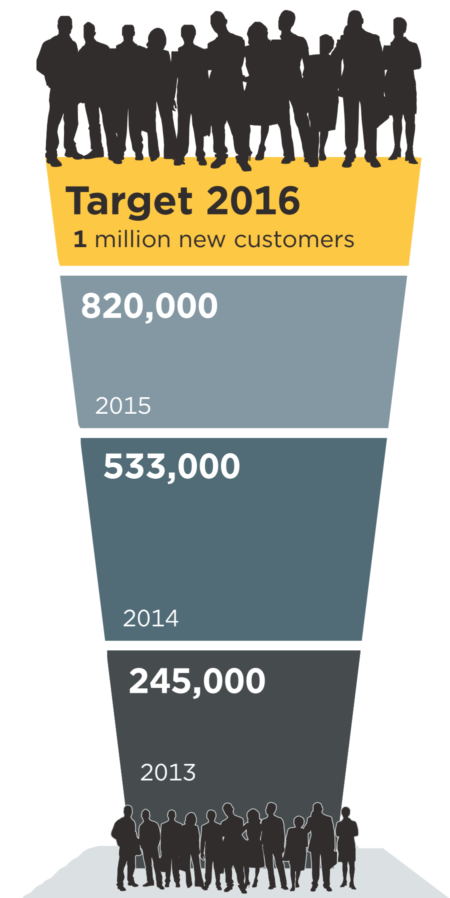
We have repositioned ourselves in instalment loans business, and successfully so: since the reorientation two years ago, this product area has recorded a 66% jump in new business. Last year alone, we increased earnings by nearly €50m year on year.



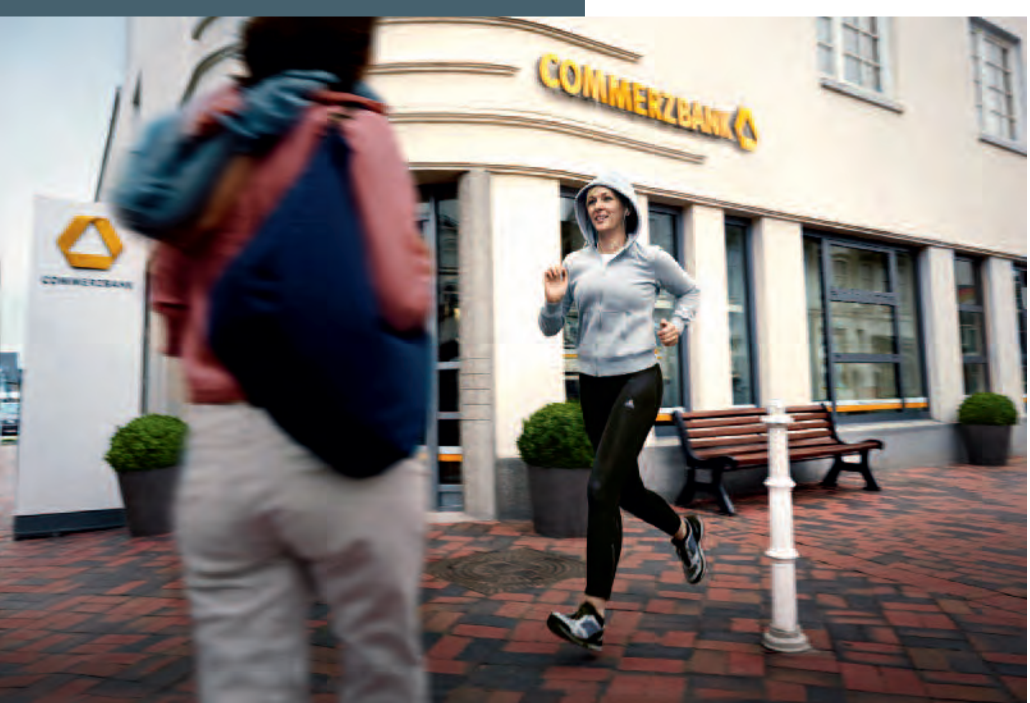
New customer growth

Well on track

The segment has gained around 820,000 new customers since the private customers strategy was launched in 2012. An average of around 5,800 new customers per week were added in 2015. We are therefore well on track: our objective is to win a million new customers for the Private Customers segment by the end of 2016.



New customer growth since 2013



Corporate customers

Growth for Mittelstandsbank

Total lending growth since end-2013

+12%

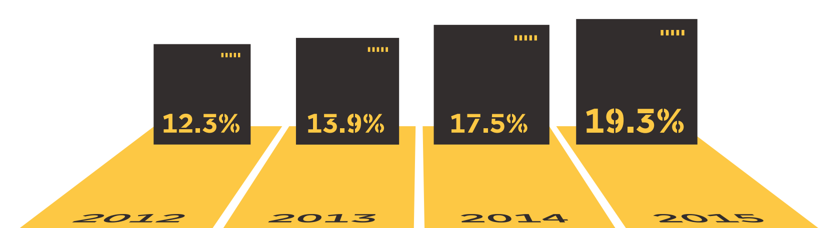
Due to the good capital adequacy levels of German corporate customers and the reluctance in some quarters to invest, lending in the market rose only modestly during 2015. Nevertheless, we have managed to increase total lending since year-end 2013 on the strength of our range of needs-based financing products for our corporate customers. We are also pleased to have successfully expanded our business with financial institutions over the last two years.

New model for the **sales operation in Germany**

Mittelstandsbank perceives itself as a strategic partner to the Mittelstand and the financial sector – both regionally and internationally. To ensure an even closer focus on customer requirements, we reorganised our domestic sales operation in the first half of 2015. The intention behind this move was to be able to react faster to customers' needs and changes in market con-ditions, thanks to more streamlined structures and hierarchies and all-encompassing regional responsibility for customers from the Mittelstand Germany and Large Corporates & International Group divisions. We are seeking to respond to our customers with greater agility and to keep in closer contact with them. To this end, we are constantly refining our tried-and-tested relationship management model.

Top partner in foreign trade

We have further improved our market share in the guaranteeing of export letters of credit in Germany, thus strengthening our position in foreign trade. We therefore remain one of the eurozone's leaders in handling export letters of credit.



Guarantees of export letters of credit in the eurozone, 2012–2015 (in %)

Strong banking partner,

now with even more digital services

Digitalisation is a trend affecting all sectors: As their banking partner, we help our customers to implement their digitalisation strategies by means of custom-fit solutions. We are at the side of our traditional Mittelstand customers as they face up to the challenges presented by digitalisation, offering them a host of measures such as special banking products and networking opportunities with regional start-ups. Meanwhile, the needs of the increasingly strong base of young digital companies in Germany and Europe often differ sharply from those of established market participants. Our Mittelstandsbank assists this important and fast-growing customer group – "the new digital SMEs" – by delivering tailored support from a dedicated team and a range of products that truly fit their needs. By launching our new corporate customer portal in March 2015, we have laid the foundations for incrementally providing our customers with a comprehensive, multi-channel experience. Our Cash Management app, Online Securities Module and Knowledge Lounge app represent significant expansions to our service offering and provide our customers with the ultimate in transparency regarding their own financial position and market events. The main focus in 2016 will be on refining the digital connectivity of products and services.

Investment banking

Less complexity, greater continuity, greater customer benefits

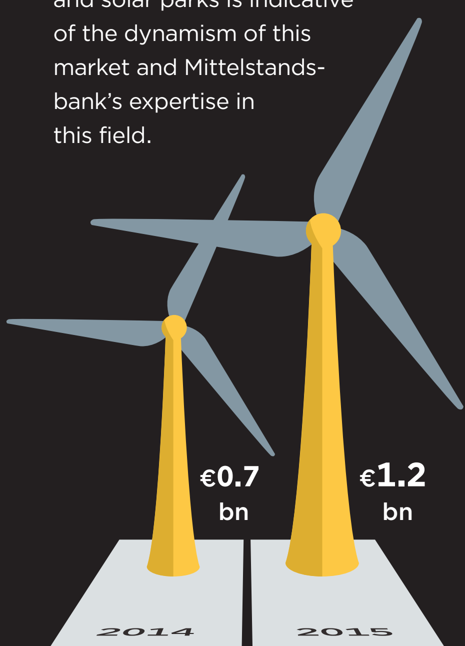
Strong expertise in investment banking
for the Mittelstand

Through collaborating closely with the product units of the Corporates & Markets segment, we secure access for our customers to tailored corporate finance and capital market solutions. We involve investment banking specialists in the client service team where needed. However, the relationship manager with responsibility for a particular corporate group remains its main point of contact.

Arrangement volumes in wind farms and solar parks

+70%

The shift to renewables is changing energy provision in Germany and Europe – and, in the long run, worldwide. The significant increase in our energy competence centre's arrangement volume in wind farms and solar parks is indicative of the dynamism of this market and Mittelstandsbank's expertise in this field.



Arrangement volumes in wind farms and solar parks (in € bn)

Share of earnings from international business

>30%

Mittelstandsbank pursues a cross-border relationship management approach. Under this approach, our customers benefit from a relationship management model that is consistent the world over, with a relationship manager as a responsibility-holding point of contact who coordinates a client service team made up of product specialists and co-relationship managers in Germany and abroad. International business with corporate customers and financial institutions makes up a significant portion of Mittelstandsbank's earnings, at over 30%.

Corporate customer portal

>100,000 users

Our new corporate customer portal is based on a cross-channel platform that enables us to open up a wide range of digital services and new functionalities to our customers. Some of these are already up and running, and more will follow. Our customers are enjoying a new look and feel, thanks to much greater user-friendliness and improved navigation and clarity.

Contents

Letter from the Chairman of the Board of Managing Directors
Frankfurt am Main, March 2016

Dear shareholders,

2015 was a decent year overall for Commerzbank. In what remained a challenging environment, our achievements were many. For the third year in a row, the Bank increased its consolidated profit and earnings per share.

With a return on equity based on consolidated profit of just under 4%, we have improved significantly on previous years, despite a much stronger capital base, and are thus continuing our positive trend. And we achieved this despite the fact that the very low to negative interest rate environment had a severe adverse impact on deposit spreads and in turn our net interest income, while regulatory requirements led to additional costs. In addition, we made further substantial reductions in risks within the Group. We reduced the volume of commercial real estate and ship financing assets to just below €19bn. By the end of 2015, therefore, we had already met our target of decreasing commercial real estate and ship financing assets to below €20bn by the end of 2016. Compared with our European peer group, our Common Equity Tier 1 ratio under the full Basel 3 criteria of 12% is good. All these tangible and measurable successes show that our strategic focus is on track and that we are well-positioned to sustain higher levels of profitability in the years ahead.

But we must not lose sight of one of the most important topics for banks in the coming years: what sort of banking experience do customers want in the future? The demands facing banks – in terms of customer orientation, innovation and agility, as well as efficiency – have changed tangibly in recent years and require new organisational and technological methods to be developed and deployed. Customers expect to receive fair and competent advice at all times, wherever they are. We made preparations early on for this in all segments. The digitalisation of customer approaches, product offerings and business process is a high strategic priority. We have made a big investment in this future.

Private customers already have simple, user-friendly tools to carry out banking transactions from home – by text, audio and video chat – during the day, in the evening and at the weekend. Customers wishing to move to Commerzbank can use our free account switching app – a fully automated and convenient app for smartphones and tablets and the first to be offered by a bank in Germany – to switch their account within minutes. November saw us roll out Paydirekt to customers. New business in retail mortgage financing also posted healthy growth thanks to our new open real estate platform, up 18% year-on-year and counteracting lower deposit interest income caused by the low interest rate environment. Overall in Private Customers, we grew income not only through increased portfolio-based activities, mandate business (such as premium custody accounts), asset management and portfolio management, but also through more business in instalment loans via our holding in CommerzFinanz.

In Mittelstandsbank, too, we succeeded in offsetting – at least partially – the low and at times negative interest rates through growth. This is also testament to the continuing very high levels of customer satisfaction. From the point of view of our customers, Mittelstandsbank stands for competence, professionalism and experience. We have also laid important foundations for the future in the area of digitalisation in Mittelstandsbank. Our Cash Management app, which lets users monitor their accounts, including those with third-party banks, and has been named Best Mobile Treasury Solution, is just one example. To lay the foundations for an even more customer-oriented, modern Mittelstandsbank and for further profitable growth, we have made the sales structure, particularly for our Mittelstand customers, more regionally focused. We are thus strengthening our market responsibility locally and will be able to react in a more targeted way to our customers' requirements.

mBank in Poland – which essentially represents the Central & Eastern Europe segment – is an award-winning innovation leader in digital sales. A strategic alliance initiated last year with Orange Polska – the country's largest fixed line, mobile, internet and data transmission provider – has brought benefits to customers of both. mBank's customers have the option to access bank products exclusively through a mobile app, while Orange Finance customers receive offers for mBank products. The offering ranges from account management to the possibility of making payments via mobile phone. Overall in 2015, mBank increased its customer base by some 400,000. Together with the sale of its insurance business to AXA Group, this has helped keep earnings stable despite much lower interest rates. Operating expenses were particularly negatively affected by contributions to the Polish deposit protection fund and to a fund for supporting distressed mortgage borrowers.

In an environment of persistently low interest rates and at times high price volatility, 2015 was a year of two halves for the Corporates & Markets segment: the first very positive; the second more difficult. The segment's diversification served it well here, with a downturn in business in certain product areas offset to some extent by pick-ups in other business areas. Corporates & Markets was therefore able to make a stable earnings contribution this year, too.

In our Non-Core Assets (NCA) run-off segment, we continued our value-preserving reduction strategy with the sale of two commercial real estate portfolios and the restructuring platform Hanseatic Ship Asset Management GmbH, further trimming both risk and complexity in the segment. We have always stressed that NCA is a non-strategic portfolio and not a "bad bank". As the reduction has progressed much faster than expected, we plan to transfer a large part of NCA segment assets to the core bank in the first quarter of 2016. The criteria are good credit quality, low earnings volatility and the ability to make a positive contribution to the refinancing and liquidity structure of the core segments.

The more complex, long-dated sub-portfolios which wholly or partially fail the specified selection criteria will be bundled in a new segment called Asset & Capital Recovery Unit. However, our firm aim is still to completely run off the remaining portfolios over time in a way that preserves value.

These points all confirm that Commerzbank is well-positioned for the future. And our optimism is also reinforced by our earnings performance in 2015. In a very demanding market environment, consolidated operating profit grew from €0.7bn the previous year to €1.9bn. Consolidated earnings attributable to Commerzbank shareholders came to €1.1bn, against €0.3bn the previous year, with earnings per share at €0.88, up from €0.23 in 2014. The Board of Managing Directors and Supervisory Board will submit a proposal at this year's AGM for a dividend distribution of €0.20 per share. At this point I would like to express special thanks – on my own behalf and also on behalf of my fellow directors – to our staff for their efforts and commitment.

In November 2015, I informed the Chairman of the Supervisory Board that I would be happy to fulfil my current contract, which runs until the end of October 2016, but that for personal reasons I would decline the offer to extend the contract. I believe that 2016 is a good moment in time for the Bank's leadership to change. Commerzbank now has a robust business model and excellent staff and managers. The path to becoming a sustainable successful bank again is well-signed. I would like to express my sincere thanks for the trust you have shown me over the last few years. I would be delighted if you were to continue accompanying "your Bank" along this challenging path.

I am pleased to take this opportunity to invite you to our Annual General Meeting on 20 April 2016, and I look forward to seeing you there.

Yours

Martin Blessing

Martin Blessing
Chairman of the Board of Managing Directors

The Board of Managing Directors

Martin Blessing

Age 52, Chairman
Central & Eastern Europe
Member of the Board of Managing Directors since 1.11.2001

Frank Annuscheit

Age 53, Chief Operating Officer
Human Resources
Member of the Board of Managing Directors since 1.1.2008

Markus Beumer

Age 51, Mittelstandsbank
Non-Core Assets (Deutsche Schiffsbank and Commercial Real Estate)
Member of the Board of Managing Directors since 1.1.2008

Dr. Marcus Chromik

Age 43, Chief Risk Officer
Member of the Board of Managing Directors since 1.1.2016

Stephan Engels

Age 54, Chief Financial Officer
Member of the Board of Managing Directors since 1.4.2012

Michael Reuther

Age 56, Corporates & Markets
Non-Core Assets (Public Finance)
Member of the Board of Managing Directors since 1.10.2006

Martin Zielke

Age 53, Private Customers
Member of the Board of Managing Directors since 5.11.2010

Report of the Supervisory Board
Frankfurt am Main, 8 March 2016

Dear shareholders,

During the year under review, we advised the Board of Managing Directors on its conduct of the Bank's affairs and regularly supervised the way in which Commerzbank was managed. The Board of Managing Directors reported to us at regular intervals, promptly and extensively, in both written and verbal form, on all the main developments at the Bank, including between meetings. We received frequent and regular information on the company's business position and the economic situation of its individual business segments, on its corporate planning, on the main legal disputes, on compliance issues, on the performance of the share price and on the strategic orientation, including risk strategy, of the Bank, and we advised the Board of Managing Directors on these topics. Between meetings I, as the Chairman of the Supervisory Board, was constantly in touch with the Chairman and other members of the Board of Managing Directors according to a set timetable and kept myself up to date with the current business progress and major business transactions within both the Bank and the Group. The Supervisory Board was involved in all decisions of major importance for the Bank, giving its approval after extensive consultation and examination wherever required.

Meetings of the Supervisory Board

In the year under review there were a total of ten Supervisory Board meetings, of which four were held as conference calls. Two full-day strategy meetings also took place: one for the employee representatives and one for the shareholder representatives.

The focus of all ordinary meetings was the Bank's current business position, which we discussed in detail with the Board of Managing Directors. We considered in depth the Bank's economic and financial performance, the risk situation, the strategy, the planning, the risk management system and the internal control system. Another area of emphasis was the economic performance and orientation of the individual business segments. We subjected the reports of the Board of Managing Directors to critical analysis, in some cases requesting supplementary information, which was always provided immediately and to our satisfaction.

We also received information on internal and official investigations into the Bank in Germany and other countries, asked questions regarding these and then formed our verdict on them. In particular, we considered the status of proceedings and negotiations with the US authorities in relation to investigations into breaches of US sanctions and US anti-money laundering regulations by the Bank. We also dealt in several meetings with matters pertaining to the Board of Managing Directors. Urgent resolutions of the Supervisory Board were where necessary also passed between meetings by way of circulars.

At the meeting of 11 February 2015, our discussions centred, alongside reports on the current business situation, on the provisional results for financial year 2014. Another focus was the status of proceedings in relation to the investigations into breaches of US regulations by the Bank, which we received comprehensive information about. Together with the Board of Managing Directors we discussed intensively the next steps. The Supervisory Board also decided to engage an external law firm to assess any potential claims for damages against members of the Board of Managing Directors in connection with the above-mentioned investigations into breaches of US sanctions by the Bank. In addition, we viewed presentations on the refocusing of Mittelstandsbank on the customer and on the private customer strategy 2020. We also considered the Report of the Supervisory Board and the Corporate Governance Report for the Annual Report. We also discussed and approved changes to the remuneration system of the Board of Managing Directors.

In an extraordinary conference call on 3 March 2015, the Supervisory Board was informed about the status of proceedings in the legal dispute with a former member of the Board of Managing Directors. The Supervisory Board then discussed the next steps to be taken in this matter. The Supervisory Board also received information on the current position in relation to the investigations into breaches of US regulations by the Bank. In addition, the Supervisory Board was informed about the enquiries by the Cologne tax investigations office into Commerzbank in Luxembourg. We also discussed and resolved on the goal achievement of the members of the Board of Managing Directors for 2014 and agreed the total amount of variable remuneration for the members of the Board of Managing Directors.

In a further extraordinary conference call on 10 March 2015 we once again focused intensively on the negotiations with the US authorities and a potential settlement.

At the accounts review meeting on 17 March 2015, we reviewed the parent company and Group financial statements for 2014 and approved them on the Audit Committee's recommendation.

In addition we approved the proposal for the Annual General Meeting regarding the election of shareholder representatives to the Supervisory Board and the proposed resolutions for the agenda of the 2015 Annual General Meeting, including the proposal for the appropriation of profit. We were informed about the agreement of the settlements with the US authorities in relation to investigations into breaches of US regulations by the Bank and on the status of the investigation by the Cologne public prosecutor's office regarding the suspicion that customers received help in evading tax. We held an in-depth discussion on the matter and discussed it with the Board of Managing Directors. We also considered the remuneration report for the Annual Report. We also extended the terms of office on the Board of Managing Directors of Frank Annuscheit and Markus Beumer.

In a further extraordinary conference call on 26 April 2015 we discussed the planned 10% increase in Commerzbank's capital.

The meeting on 30 April 2015 was devoted mainly to preparations for the Annual General Meeting that was to follow. We discussed the course of the Annual General Meeting and the countermotions submitted. The Board of Managing Directors also reported on the details of Commerzbank's completed capital increase.

The Supervisory Board approved the termination agreement concluded with Ulrich Sieber by way of circulars.

At the meeting of 3 September 2015, which took place at our equity holding mBank in Warsaw, the Board of Managing Directors reported to us on the Bank's business performance and half-year results for 2015. We were informed about the status of the investigation by the Cologne public prosecutor's office regarding the suspicion that customers received help in evading tax and about a legislative initiative by the Polish government regarding the conversion of loans denominated in Swiss francs. The responsible member of the Board of Managing Directors also reported on the compliance organisation, on its implementation in the Bank, and on current legal cases and regulatory proceedings. Together with the Board of Managing Directors, we received extensive advice on compliance within the Bank. We also elected new members to the Social Welfare Committee.

In an extraordinary conference call on 1 November 2015, Martin Blessing informed the Supervisory Board that he did not wish to extend his appointment to the Board of Managing Directors.

At the ordinary meeting of 4 November 2015, discussions centred on the report on the business position, including the budget for 2016 and the medium-term planning for the period to 2019. The targets for the Bank and the Group, which were based on the business figures, were presented to us and we discussed them in detail with the Board of Managing Directors. We also held an in-depth discussion with the Board of Managing Directors regarding Commerzbank's business and risk strategy. We also discussed and resolved on the targets for the members of the Board of Managing Directors for 2016. In addition, we appointed Dr. Marcus Chromik to the Commerzbank Board of Managing Directors with effect from 1 January 2016. He succeeds Dr. Stefan Schmittmann. Other topics covered at this meeting included the Bank's corporate governance; in particular, we approved the annual Declaration of Compliance with the German Corporate Governance Code pursuant to Art. 161 of the German Stock Corporation Act and set objectives for ourselves concerning the composition of the Supervisory Board. More details on corporate governance at Commerzbank can be found on pages 29 to 33 of this Annual Report. In addition, we discussed the findings of the Supervisory Board's 2015 efficiency audit and were informed about the design of the employee remuneration model.

In a further extraordinary meeting on 8 December 2015 we once again focused intensively on the 2016 targets for the members of the Board of Managing Directors and reached a resolution on these.

Committees

To ensure that it can perform its duties efficiently, the Supervisory Board has formed seven committees from its members. The current composition of the committees is shown on page 22 of this Annual Report. The duties and responsibilities of the individual committees are defined in the Supervisory Board's Rules of Procedure, which can be found online at http://www.commerzbank.com.

The Presiding Committee held six meetings during the year under review, of which two were conducted as conference calls. Its discussions were devoted to preparing for the plenary meetings and in-depth treatment of the meeting deliberations, especially with regard to the business situation. It also dealt with the extension of the terms of office on the Board of Managing Directors of Frank Annuscheit and Markus Beumer. The Presiding Committee also compiled resolutions concerning the 10% increase in Commerzbank's capital. The Presiding Committee also prepared the plenary body's resolutions and agreed to members of the Board of Managing Directors taking up mandates at other companies. We also looked into loans to employees and officers of the Bank. Urgent resolutions were passed by way of circulars.

The Audit Committee met a total of seven times in financial year 2015. It also passed urgent resolutions by way of circulars. With the auditors in attendance, it discussed Commerzbank's parent company and Group financial statements and the auditors' reports. The Audit Committee obtained the auditors' declaration of independence pursuant to Section 7.2.1 of the German Corporate Governance Code, submitted proposals for the appointment of the auditors and for their fee to the Supervisory Board and advised the Supervisory Board on the continuation of the audit mandate. Furthermore, the Audit Committee dealt with requests for the auditors to perform non-audit services; it also received regular reports on the current status and individual findings of the audit of the annual financial statements and discussed the interim reports before they were published. The work of the Bank's Group Audit and Group Compliance units also formed part of the discussions. In addition, the Audit Committee dealt with the functioning of the ICS and the progress on reputational and compliance risks within the Group. It also examined the effectiveness of the Bank's risk management system and discussed developments in whistle-blowing cases and the auditor's report on the review of securities reporting obligations and rules of conduct. Furthermore, the Audit Committee obtained information on internal and external (regulatory) investigations and non-event-related audits by the German Financial Reporting Enforcement Panel. The Audit Committee also received regular updates on the status of remediation of the deficiencies identified in various audits. It dealt intensively with the investigations into breaches of US sanctions by the Bank, the Bank's steps to prevent future breaches and the implementation of duties and obligations in respect of the agreements reached with the US authorities. The Audit Committee also learned about the special investigation in connection with CISAL. Other areas covered were algorithmic trading, the compliance function under MaRisk, the Group Finance Architecture programme, auditor rotation and the Comprehensive Assessment. The Audit Committee also received an update on current and forthcoming changes to supervisory and accounting law. Representatives of the auditors attended the meetings to report on their audit activities.

The Risk Committee convened a total of four times in financial year 2015. At its meetings, the Risk Committee closely examined the Bank's risk situation and risk management, devoting particular attention to the overall risk strategy for 2016, refinement of the risk strategy and credit, market, liquidity, operational, reputational and compliance risks. Significant individual exposures of the Bank were also discussed in detail with the Board of Managing Directors, as were the portfolios and sub-portfolios. The Risk Committee also considered the Bank's equity holdings and recovery plan. It was informed about cyber crime activities. In addition it reviewed whether terms and conditions in customer business are compatible with the Bank's business model and risk structure. The meetings also addressed the employee remuneration system and the risk assessment of Commerzbank by its regulators. In addition, the Risk Committee considered Commerzbank's risk-bearing capacity, large exposures and loans to Commerzbank Group companies.

The Compensation Control Committee held three meetings, one of which was conducted as a conference call. It dealt with the goal achievement of the members of the Board of Managing Directors for 2014 and scrutinised the determination of the total variable remuneration amount for employees for 2014. It also considered the employee remuneration systems and the appropriateness of the structure of the employee and Board of Managing Directors remuneration systems for 2015. Finally, the committee also discussed the targets for the members of the Board of Managing Directors for 2016.

The Social Welfare Committee met once in the year under review, with the meeting focusing primarily on human resources policy and staff development. It also looked at progress on headcount reduction and at general HR indicators.

The Nomination Committee held five meetings during the year under review. It looked in depth at the filling of vacancies on the Supervisory Board and Board of Managing Directors. It also performed the duties of the Nomination Committee pursuant to Art. 25d (11) sentence 2 of the German Banking Act, in particular the assessment of the Supervisory Board and Board of Managing Directors and the policy of the management board for selection and appointment of management levels one and two.

No meetings of the Mediation Committee, established in accordance with the German Co-Determination Act, were necessary.

The chairs of the committees regularly reported on their work to the plenary body of the Supervisory Board at the next meetings thereafter.

The Supervisory Board also received ongoing reports on the progress of examinations by an external law firm as to whether claims for damages could be enforced against members of the Board of Managing Directors in connection with the Bank's breaches of US regulations being pursued by the US authorities.

Members of Commerzbank's Supervisory Board are required pursuant to Art. 3 para. 6 of the Rules of Procedure of the Supervisory Board to disclose potential conflicts of interest to the Chairman of the Supervisory Board or their deputy, who will in turn consult with the Presiding Committee and disclose the conflict of interest to the Supervisory Board. No member of the Supervisory Board declared a conflict of interest during the year under review.

The members of the Supervisory Board undertook the training and development measures required for their duties at their own initiative, with appropriate support from Commerzbank. In particular, an internal two-day qualification course was offered for new members of the Supervisory Board. The new members of the Supervisory Board also attended external training. The members of the Supervisory Board were also kept informed about new developments in corporate governance on an ongoing basis. They were also asked to take part in a separate discussion of the annual financial statements with the auditor in advance of the accounts review meeting. Topics such as compliance and banking-related projects were also covered in depth. Finally, all members of the Supervisory Board took part in an internal compliance training session.

Each member of the Supervisory Board attended more than half the meetings in financial year 2015. Specifically, all Supervisory Board members attended all the plenary sessions, with the exception of Dr. Nikolaus von Bomhard, Gertrude Tumpel-Gugerell, Alexandra Krieger, Dr. Helmut Perlet, Beate Mensch and Dr. Stefan Lippe, who each missed one meeting out of ten, and Stefan Burghardt, who missed two.

Hans-Hermann Altenschmidt was absent from one meeting of the Audit Committee. Dr. Markus Kerber was absent from one meeting of the Compensation Control Committee, one meeting of the Nomination Committee and two meetings of the Risk Committee.

We generally received voting instructions in absentia from Supervisory Board members who were unable to attend meetings of the Supervisory Board or a committee.

Parent company and Group financial statements

The auditors and Group auditors appointed by the Annual General Meeting, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, audited the parent company annual financial statements and the consolidated financial statements of Commerzbank Aktiengesellschaft and also the management reports of the parent bank and the Group, giving them their unqualified certification. The parent company financial statements were prepared according to the rules of the German Commercial Code (HGB) and the consolidated financial statements according to International Financial Reporting Standards (IFRS). The financial statements and auditors' reports were sent to all members of the Supervisory Board in good time.

In addition, the members of the Audit Committee also received the complete annexes and notes relating to the auditors' reports, and all members of the Supervisory Board had the opportunity to inspect these documents. The Audit Committee dealt at length with the financial statements at its meeting on 7 March 2016. At our meeting to approve the financial statements held on 8 March 2016, we met as a plenary body and examined and approved the parent company annual financial statements and Group financial statements of Commerzbank Aktiengesellschaft as well as the management reports of the parent company and the Group. The auditors attended these meetings of the Audit Committee and the plenary Supervisory Board meetings, explaining the main findings of their audit and answering questions. At both meetings, the financial statements were discussed at length with the Board of Managing Directors and the representatives of the auditors.

Following the final review by the Audit Committee and our own examination, we raised no objections to the parent company and Group financial statements and concurred with the findings of the auditors. The Supervisory Board has approved the financial statements of the parent company and the Group presented by the Board of Managing Directors; the financial statements of the parent company are thus adopted. We concur with the recommendation made by the Board of Managing Directors on the appropriation of profit.

Changes in the Supervisory Board and the Board of Managing Directors

The term of office on the Commerzbank Supervisory Board of Dr. Nikolaus von Bomhard and Petra Schadeberg-Herrmann ended with effect from the end of the Annual General Meeting on 30 April 2015. The Annual General Meeting elected Sabine U. Dietrich and Anja Mikus as their successors for the period from the end of the Annual General Meeting of 30 April 2015 until the end of the Annual General Meeting that passes a discharge resolution for financial year 2017.

We wish to thank Dr. Nikolaus von Bomhard and Petra Schadeberg-Herrmann for their many years of highly dedicated work.

It was with deep sorrow that the Supervisory Board learned of the death of Dr. Walter Seipp on 4 February 2015. The Honorary Chairman of the Supervisory Board and long-standing Chairman of the Board of Managing Directors died at the age of 89.

We would like to thank the Board of Managing Directors and all our employees for their tremendous commitment and performance in 2015.

For the Supervisory Board

Klaus-Peter Müller

Klaus-Peter Müller
Chairman

Members of the Supervisory Board of Commerzbank Aktiengesellschaft

Klaus-Peter Müller

Age 71, Member of the Supervisory Board since 15.5.2008, Chairman of the Supervisory Board of Commerzbank Aktiengesellschaft

Uwe Tschäge[1]

Age 48, Deputy Chairman of the Supervisory Board since 30.5.2003, banking professional

Hans-Hermann Altenschmidt[1]

Age 54, Member of the Supervisory Board since 30.5.2003, banking professional

Gunnar de Buhr[1]

Age 48, Member of the Supervisory Board since 19.4.2013, banking professional

Stefan Burghardt[1]

Age 56, Member of the Supervisory Board since 19.4.2013, branch manager Mittelstand Bremen

Sabine U. Dietrich

Age 55, Member of the Supervisory Board since 30.4.2015, former member of the Board of Managing Directors of BP Europe SE

Karl-Heinz Flöther

Age 63, Member of the Supervisory Board since 19.4.2013, independent management consultant

Dr. Markus Kerber

Age 52, Member of the Supervisory Board since 19.4.2013, Chief Executive Director of the Federal Association of German Industry (Bundesverband der Deutschen Industrie)

Alexandra Krieger[1]

Age 45, Member of the Supervisory Board since 15.5.2008, Head Business Administration/ Corporate Strategy Industrial Union Mining, Chemical and Energy (Industriegewerkschaft Bergbau, Chemie, Energie), Certified Banking Specialist and banking professional

Oliver Leiberich[1]

Age 59, Member of the Supervisory Board since 19.4.2013, banking professional

[1] Elected by the Bank's employees.

You will find detailed curriculum vitae for the members of the Supervisory Board online on our Group page under "Management".

Dr. Stefan Lippe

Age 60, Member of the Supervisory Board since 8.5.2014, former President of the Company Management of Swiss Re AG

Beate Mensch[1]

Age 53, Member of the Supervisory Board since 19.4.2013, Trade Union Secretary ver.di Region of the Federal State Hessen (Vereinte Dienstleistungsgewerkschaft ver.di), Organizational development

Anja Mikus

Age 57, Member of the Supervisory Board since 30.4.2015, Managing Director Chief Investment Officer Arabesque (Deutschland) GmbH

Dr. Roger Müller

Age 55, Member of the Supervisory Board since 3.7.2013, General Counsel Deutsche Börse AG

Dr. Helmut Perlet

Age 68, Member of the Supervisory Board since 16.5.2009, Chairman of the Supervisory Board of Allianz SE

Barbara Priester[1]

Age 57, Member of the Supervisory Board since 15.5.2008, banking professional

Mark Roach[1]

Age 61, Member of the Supervisory Board since 10.1.2011, Trade Union Secretary ver.di Trade Union National Administration (Vereinte Dienstleistungsgewerkschaft ver.di)

Margit Schoffer[1]

Age 59, Member of the Supervisory Board since 19.4.2013, banking professional

Nicholas Teller

Age 56, Member of the Supervisory Board since 8.5.2014, Chairman of the Advisory Board E.R. Capital Holding GmbH & Cie. KG

Dr. Gertrude Tumpel-Gugerell

Age 63, Member of the Supervisory Board since 1.6.2012, former member of the Executive Board of the European Central Bank

Committees of the Supervisory Board

Presiding Committee Compensation Control Committee	Audit Committee	Risk Committee
Klaus-Peter Müller Chairman	Dr. Helmut Perlet Chairman	Klaus-Peter Müller Chairman
Hans-Hermann Altenschmidt	Hans-Hermann Altenschmidt	Gunnar de Buhr
Dr. Markus Kerber	Karl-Heinz Flöther	Dr. Markus Kerber
Uwe Tschäge	Margit Schoffer	Dr. Stefan Lippe
	Dr. Gertrude Tumpel-Gugerell	Dr. Helmut Perlet
		Nicholas Teller[1]

Nomination Committee	Social Welfare Committee	Mediation Committee (Art. 27, (3), German Co-determination Act)
Klaus-Peter Müller Chairman	Klaus-Peter Müller Chairman	Klaus-Peter Müller Chairman
Hans-Hermann Altenschmidt	Gunnar de Buhr	Hans-Hermann Altenschmidt
Dr. Markus Kerber	Stefan Burghardt	Nicholas Teller
Nicholas Teller	Sabine U. Dietrich	Uwe Tschäge
Uwe Tschäge	Anja Mikus	
	Uwe Tschäge	

[1] Since 8 March 2016.

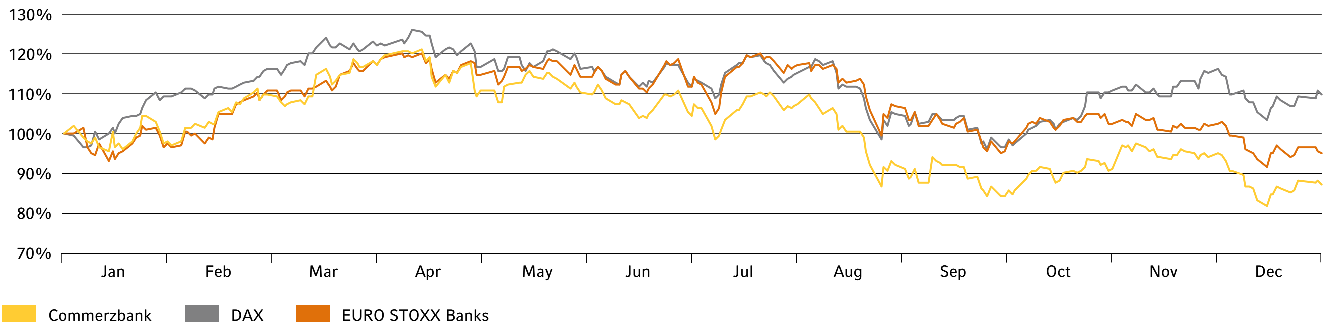
Our share

Development of equity markets and performance indices

The first half of 2015 took Europe's leading stock markets to new highs, but rising political and macroeconomic uncertainties meant these were not seen again for the remainder of the year. The ECB's further monetary expansion in early January helped the DAX to an all-time high of 12,391 in April, but sluggish negotiations on rolling over Greek borrowing ended in a protracted standstill that became a serious test of strength for the European Stability Mechanism. In September, the Chinese economy's surprise slowdown in the third quarter and a sharp tumble on the Shanghai and Hong Kong stock markets pushed the DAX to a low of 9,428 for the year, reflecting concerns about the deteriorating global economic outlook. Negative expectations were further accentuated by the massive collapse in the price of industrial commodities, particularly oil, and even affected the Federal Reserve, which deferred the rate hike originally mooted for September to the end of the year. Prospects of a stable US economy and looser monetary policy in Europe were required to take the DAX back over 11,000 in the fourth quarter, but it was unable to remain there until the end of the year. The performance of the DAX in 2015 reflected a turbulent year that saw periods of very high volatility. The Fed raised rates for the first time in about a decade in mid-December, pursuing a steeper rate path and increasing the differential over the eurozone. The currency impact is positive for German foreign trade, but this is being counteracted by the ongoing weakness in emerging markets as falling commodity and producer prices mean they are acting as less of a growth driver.

Figure 1

Commerzbank share vs. Performance indices in 2015
Daily figures, 30.12.2014 = 100



The Commerzbank share

During the first quarter of 2015, bank shares in particular benefited from the ECB's monetary measures; the provision of additional liquidity reduced risk premiums and made it easier for the sector to reduce risk-weighted assets. In a rising overall market, the Commerzbank share reached its peak for the year at €13.39 on 14 April. Overall, Commerzbank slightly outperformed the EURO-STOXX Banks Index in the first quarter.

At the end of April, Commerzbank completed a 10% capital increase without subscription rights as part of a private placement with institutional investors. This reduced the holding of the German Federal government from 17.3% to 15.6%.

The placement increased the Common Equity Tier 1 ratio under full application of Basel 3 from 9.5% as at the end of the first quarter to 10.2% (pro forma as at end-March 2015).

The significant underperformance versus the EURO STOXX Banks Index in the second quarter was attributable partly to the capital measure, but also to the debate at the start of July regarding the possible impact on mBank's earnings of converting mortgage loans denominated in Swiss francs into zloty and Poland introducing a banking levy from 2016.

The prospect of interest rates in the eurozone remaining low, together with a robust US labour market in October and November, triggered a broad relief rally in the market, but bank stocks underperformed on weaker earnings expectations as a consequence of the low interest rate environment.

Securities codes	
Bearer shares	CBK100
Reuters	CBKG.DE
Bloomberg	CBK GR
ISIN	DE000CBK1001

After underperforming the EURO-STOXX Banks Index once again in the third quarter, the Commerzbank share did fare better in the fourth quarter. Over the year, however, the Commerzbank share shed 12.8% of its value, compared with a fall of 4.9% for the EURO STOXX Banks Index. This reflected in particular the drags in Poland from the new bank levy and the uncertainty over the conversion of Swiss franc-denominated mortgages, alongside the capital measure conducted part-way through the year.

Commerzbank's market capitalisation at the end of 2015 was €12.0bn (high: €15.9bn; low: €11.2bn), compared with €12.5bn a year earlier. Based on standard valuation ratios, Commerzbank's price-to-book ratio in 2015 was 0.4–0.6x and its price/earnings ratio (PER) 8–13. By way of comparison, the EURO STOXX Banks Index has a price-to-book ratio of 0.8–1.0 and PER of 10–13. The share's volatility reduced further in 2015, moving closer to that of the EURO STOXX Banks Index, and as such was more stable than in previous years.

The daily turnover of Commerzbank shares – i.e. the number of shares traded – was down year-on-year in 2015. The average daily trading volume in the period under review was 9.0 million shares, compared with 10.5 million shares in 2014.

Commerzbank share – key figures

Despite the increased number of shares, Commerzbank increased earnings per share from €0.23 to €0.88. In view of the much improved earnings situation and comfortable capital ratio, the Board of Managing Directors plans to propose a dividend distribution to the Supervisory Board and the AGM for financial year 2015. The proposed dividend of €0.20 per share will be the first since 2008 (in respect of 2007).

Table 1

Highlights of the Commerzbank share	2015	2014
Shares issued in million units (31.12.)	1,252.4	1,138.5
Xetra intraday prices in €		
High	13.39	14.48
Low	8.94	9.91
Closing price (31.12.)	9.57	10.98
Daily trading volume[1] in million units		
High	40.9	30.2
Low	3.2	3.5
Average	9.0	10.5
Index weighting in % (31.12.)		
DAX	1.1	1.3
EURO STOXX Banks	2.1	2.2
Earnings per share in €	0.88	0.23
Book value per share[2] in € (31.12.)	23.48	22.95
Net asset value per share[3] in € (31.12.)	21.95	21.34
Market value/Net asset value (31.12.)	0.44	0.51

[1] Total for German stock exchanges.
[2] Excluding non-controlling interests.
[3] Excluding non-controlling interests and cash flow hedges and less goodwill.

The weighting in the DAX was around 1.1 %. In the European industry benchmark index, the EURO STOXX Banks, Commerzbank's weighting at year-end was 2.1 %, The Bank is also represented in the ECPI Ethical EMU Equity, ECPI Ethical Euro Equity and Euronext Vigeo Eurozone 120 sustainability indices, which place particular emphasis on environmental and ethical criteria alongside economic and social factors.

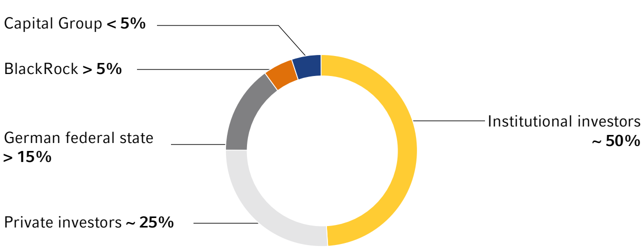
Indices containing the Commerzbank share
Blue chip indices
DAX
EURO STOXX Banks
Sustainability indices
ECPI EMU Ethical Equity
ECPI Euro Ethical Equity
Euronext Vigeo Eurozone 120

Shareholder structure and analyst recommendations

On 31 December 2015, approximately 50% of all Commerzbank shares were held by our major shareholders – the Federal Republic of Germany, Capital Group and BlackRock – and private shareholders, who are mainly resident in Germany. Approximately 50% of all Commerzbank shares were in the hands of institutional investors. The free float, less the government's holding, stood at roughly 75%.

Figure 2

Shareholder structure
As at 31 Dezember 2015



Around 31 analysts provided regular coverage of Commerzbank during 2015. At the end of 2015, the percentage of buy recommendations was 42%, an increase of 18 percentage points over the previous year.

A further 42% of analysts recommended a hold, while 16% of analysts recommended selling our shares, compared with 27% the previous year. The average target price of analysts was €12.27 at year-end.

Commerzbank's ratings

Rating methodology makes a distinction between financial strength ratings and issuer credit ratings. Whereas our financial strength rating reflects our individual credit standing without support measures, the rating agencies' issuer ratings assume the Bank will receive support in a crisis scenario.

Following the introduction of the EU Bank Recovery and Resolution Directive (BRRD) in Germany, also investors in hybrid and debt instruments will in future bear some of the losses in the event of resolution. The resulting overhaul of rating methodologies by the three rating agencies Moody's, Standard & Poor's (S&P) and FitchRatings (Fitch) have resulted in adjustments in issuer credit ratings around the globe. In the second quarter of 2015, Fitch and S&P adjusted their issuer credit ratings for Commerzbank.

In June 2015, S&P upgraded Commerzbank's individual financial strength rating by one notch to bbb, based on an improved risk situation. The reasons given were the marked improvement in our credit book's quality and reduced sensitivity to economic developments.

Following implementation of the BRRD, our issuer credit rating was downgraded one notch to BBB+, the negative outlook reflecting a possible downgrade should sharply higher property prices in Germany cause economic conditions to deteriorate. The government's potential support assumed in the issuer credit rating was taken down by two notches, while one support notch was awarded for the capital buffer available in the form of additional loss-absorbing capacity.

In May 2015, Fitch reviewed its bank ratings. This agency also anticipated that governments would be much less likely to provide support in the future. Accordingly, Commerzbank's issuer credit rating was downgraded four notches to BBB, with a positive outlook. The downgrade was due solely to a change in methodology and not to any change in the assessment of Commerzbank's performance. The Bank's financial strength rating was confirmed as bbb.

Moody's reviewed Commerzbank's rating in June 2015 and subsequently kept Commerzbank's issuer rating at Baa1 with a stable outlook. In January 2016, the Bank's financial strength rating was upgraded one notch to Baa3 due to improved asset quality and capitalisation, taking it back to investment grade.

At the same time, Commerzbank was given one notch of support for its capital buffer available to absorb loss (loss given failure). The government's potential support is still assumed, but adds only one notch rather than the three previously. A new element added to the rating methodology is the deposit rating for customer deposits outside the legal guarantee threshold. The deposit rating reflects the fact that depositors would suffer lower capital losses in the event of the Bank's potential resolution than creditors of unsecured long-term liabilities. The current rating is A2.

A Counterparty Risk Assessment (CRA) was also introduced in the year under review. The CRA reflects a bank's ability to meet certain contractual obligations to customers even in the event of insolvency. The A2 rating awarded to Commerzbank places it in mid-field among its competitors. The rating for short-term liabilities was raised one notch to P-1 in January 2016.

All three rating agencies view the Bank's strong market position in private customer business as an essentially positive rating factor. They also highlight its major restructuring successes, good positioning in German corporate customer business, improved capital base and structure, significant decline in non-strategic portfolios, stable funding base and good liquidity position.

Stock exchange listings of the Commerzbank share
Germany
• Berlin
• Düsseldorf
• Frankfurt
• Hamburg
• Hanover
• Munich
• Stuttgart
• Xetra
Europe
• London
• Switzerland
North America
• Sponsored ADR (CRZBY) CUSIP: 202597308

Corporate Responsibility

› We acknowledge the principles of sound, responsible management as laid down in the German Corporate Governance Code and meet virtually all of the recommendations and proposals it makes. Pages 29 to 33 give details of this aspect of our corporate responsibility.

› The term “corporate responsibility” describes the extent to which a company is conscious of its responsibilities whenever its business activities affect society, staff, the natural environment or the economic environment. We accept this responsibility, and report on it on pages 53 and 54.

Contents

Corporate governance report and declaration on corporate governance

Commerzbank has always attached great importance to corporate governance, in the sense of responsible and transparent management and control aimed at sustainable value creation. That is why we – the Board of Managing Directors and the Supervisory Board – expressly support the German Corporate Governance Code and the goals and objectives it pursues.

Commerzbank's corporate governance officer is Günter Hugger, Divisional Board Member Group Legal. He is the point of contact for all corporate governance issues and has the task of advising the Board of Managing Directors and the Supervisory Board on the implementation of the German Corporate Governance Code and reporting on its implementation by the Bank.

In accordance with section 3.10 of the German Corporate Governance Code, we report below on corporate governance as practised at Commerzbank. This report also includes the declaration on corporate governance in accordance with Art. 289a of the German Commercial Code.

Recommendations of the German Corporate Governance Code

The Bank declares every year whether the recommendations of the Commission regarding conduct have been and are being complied with, and explains why individual recommendations are not being implemented. This declaration of compliance by the Board of Managing Directors and the Supervisory Board is published on the Commerzbank website (www.commerzbank.com). There is also an archive of all the declarations of compliance made since 2002. The latest declaration was made on 24 November 2015.

Commerzbank complies with virtually all of the recommendations of the German Corporate Governance Code; it deviates from them in only a few points:

- Section 4.2.1 of the Code recommends that rules of procedure should regulate the activities of the Board of Managing Directors, including the allocation of responsibilities to its members. The Board of Managing Directors has adopted rules of procedure with the approval of the Supervisory Board. However, the Board of Managing Directors determines the allocation of duties among the individual Board members itself, outside of the rules of procedure. This provides it with the requisite flexibility if changes are needed, thus ensuring an efficient division of responsibilities. The Supervisory Board is informed of all changes, and is thus included in the corporate governance report and the declaration on the allocation of corporate governance responsibilities. The rules of procedure for the Board of Managing Directors and the specific responsibilities of the various members of the Board of Managing Directors are published on the Commerzbank website.

- According to section 4.2.3 (2) sentence 6 of the Code, the total remuneration of the members of the Board of Managing Directors and the upper limits on their variable remuneration components should be disclosed. The core elements of the Bank's remuneration system for the Board of Managing Directors are a fixed basic annual salary plus variable remuneration with a uniform target amount. In respect of variable remuneration, the Supervisory Board calculates a total goal achievement amount based on predefined goals after the end of a financial year. This total goal achievement amount is capped at 1.4x fixed remuneration as calculated under the Remuneration Ordinance for Institutions. Up to 50% of this amount is paid in virtual Commerzbank shares, in respect of most of which a five-year holding period and a lock-up period of a further 12 months normally apply. At the end of the lock-up period – subject to various checks to ensure sustainability – the value of the virtual Commerzbank shares is paid out in cash. Changes in the share price over this period do not affect the number of virtual shares to be granted but therefore do change the amount to be paid out. There is no absolute upper limit on the latter amount. Under the concept behind the remuneration system, the members of the Board of Managing Directors are intended to bear the performance risk of the virtual shares after the calculation of the total goal achievement amount, as a long-term element of remuneration. It would not be appropriate to cap the scope to participate in positive share price performance, especially given that no floor applies if the price should fall.

- In relation to the remuneration of the Board of Managing Directors, section 4.2.3 (2) sentence 8 of the Code recommends that there should be no subsequent changes to goals or the parameters for determining the variable remuneration components. Under the German Stock Corporation Act, the Supervisory Board should agree the possibility to restrict the variable remuneration of the Board of Managing Directors in exceptional circumstances. Therefore the Supervisory Board is entitled under this legislation to adjust the goals and other parameters for determining variable remuneration components in the case of extraordinary developments, to reasonably neutralise any positive or negative repercussions on the achievability of the goals.

- Section 4.2.3 (3) of the Code recommends that in the case of pension commitments to members of the Board of Managing Directors, the Supervisory Board should define the intended benefit level – based partly on the length of their term of office – and the annual and long-term expense for the company arising therefrom. In 2011, Commerzbank changed its pension system to a contribution-based defined benefit scheme. As such, a specific benefit level is no longer defined. Instead, each member of the Board of Managing Directors has an entitlement to an annual pension module, the amount of which is determined as a fixed percentage of that individual's basic annual salary. Increases to the fixed basic annual salary lead to an increase in the pension module only when expressly approved by the Supervisory Board. The way in which this percentage rate is defined – disregarding other actuarial factors – means that the ultimate level of a member of the Board of Managing Directors' earned pension entitlement depends solely on the length of their term of office on the Board of Managing Directors. The allocation of a fixed percentage rate of each member's basic annual salary makes the annual and long-term cost of the Supervisory Board for the company transparent. The actual annual expense for the company depends on actuarial factors. It is increasingly common business practice not to define an intended pension benefit but to instead switch to a contribution-based defined benefit scheme.

- Section 5.3.3 of the Code recommends that the Supervisory Board establish a nomination committee made up exclusively of shareholder representatives. Under Art. 25d (11) sentence 2 no. 1 of the German Banking Act, the nomination committee should support the Supervisory Board in identifying candidates to fill positions on bank management bodies. At Commerzbank, this task was formerly performed by the Presiding Committee, which also includes employee representatives. In order to maintain the established Commerzbank practice of involving both employee and shareholder representatives in the selection of candidates for the Board of Managing Directors, two members of the Commerzbank Supervisory Board's Nomination Committee are employee representatives.

- Section 5.4.1 (2) sentence 1 of the Code recommends that the Supervisory Board should set concrete objectives regarding its composition which, whilst taking into consideration the specific situation at the company, take account of the international activities of the company, potential conflicts of interest, the number of independent members of the Supervisory Board pursuant to section 5.4.2 of the Code, a specified age limit for members of the Supervisory Board, a limit on the length of time members sit on the Supervisory Board and diversity. The Commerzbank Supervisory Board regularly sets concrete targets for its composition which take the criteria listed in Section 5.4.1 (2) sentence 1 into account. It has not, however, set a limit on the length of time members sit on the Supervisory Board. The Supervisory Board is of the opinion that the decision to retain a particular member frequently has to be decided on a case-by-case basis; a limit would result in an inappropriate restriction. The length of time the individual members have sat on the Supervisory Board can also offer advantages in terms of diversity.

- According to section 5.4.6 (2) sentence 2 of the Code, where the members of the Supervisory Board are granted performance-related remuneration, this should be based on long-term corporate performance. In addition to fixed remuneration, the members of the Supervisory Board of Commerzbank receive a variable bonus of €3,000 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. In light of the restored ability to pay a dividend, Commerzbank will look into reorganising the remuneration of members of the Supervisory Board.

Suggestions of the German Corporate Governance Code

Commerzbank also largely complies with the suggestions of the German Corporate Governance Code, deviating from them in only a few points:

- In a deviation from section 2.3.2, the proxy can only be reached up to the day prior to the Annual General Meeting. However, shareholders present or represented at the Annual General Meeting are able to give their proxy instructions at the meeting itself as well.

- In section 2.3.3, it is suggested that the Annual General Meeting be broadcast in its entirety on the internet. Commerzbank broadcasts the speeches of the Chairman of the Supervisory Board and the Chairman of the Board of Managing Directors, but not the general debate; it takes the view that it would not be appropriate to broadcast the entire proceedings given their length. This also liberates shareholders to discuss matters freely with the management, without a wide-scale public broadcast.

Board of Managing Directors

The Commerzbank Board of Managing Directors is responsible for independently managing the Bank in the Bank's best interest. In doing so, it must take into account the interests of shareholders, customers, employees and other stakeholders, with the objective of sustainable value creation. It develops the company's strategy, discusses it with the Supervisory Board and ensures its implementation. In addition, it sees that efficient risk management and risk control measures are in place. The Board of Managing Directors conducts Commerzbank's business activities in accordance with the law, the Articles of Association, its rules of procedure, internal guidelines and the relevant employment contracts. It cooperates on a basis of trust with Commerzbank's other corporate bodies and with employee representatives.

The composition of the Board of Managing Directors and the responsibilities of its individual members are presented on page 13 of this Annual Report. The work of the Board of Managing Directors is specified in greater detail in its rules of procedure, which may be viewed on Commerzbank's website at www.commerzbank.com.

Extensive details of the remuneration paid to the members of the Board of Managing Directors are given in the Remuneration Report on pages 34 to 45.

Supervisory Board

The Supervisory Board advises and supervises the Board of Managing Directors in its management of the Bank. It appoints and dismisses members of the Board of Managing Directors and, together with the Board of Managing Directors, ensures that there is long-term succession planning. The Supervisory Board conducts its business activities in accordance with legal requirements, the Articles of Association and its rules of procedure; it cooperates closely and on a basis of trust with the Board of Managing Directors.

The composition of the Supervisory Board and its committees is presented on pages 20 to 22 of this Annual Report. Details of the work of this body, its structure and its control function can be found in the Report of the Supervisory Board on pages 14 to 19. Further details of how the Supervisory Board and its committees work can be found in the rules of procedure of the Supervisory Board, available online at www.commerzbank.com.

Section 5.4.1 (2) of the Code recommends that the Supervisory Board should set concrete objectives regarding its composition which, whilst taking into consideration the specific situation at the company, take account of the international activities of the company, potential conflicts of interest, the number of independent members of the Supervisory Board pursuant to section 5.4.2 of the Code, a specified age limit for members of the Supervisory Board, a limit on the length of time members sit on the Supervisory Board and diversity. The Supervisory Board of Commerzbank has approved the following concrete objectives:

The Supervisory Board should be made up in such a way that its members overall have the necessary skills, knowledge, experience and expertise to perform the duties of the Supervisory Board properly. In particular, the Supervisory Board as a whole should have all the knowledge and experience required by the activities of the Commerzbank Group. Weight should also be given to appointing members with particular knowledge and experience of the application of accounting principles and internal control procedures. Members should also be able to devote sufficient time to their responsibilities. They should not sit on more supervisory boards or similar bodies that make comparable demands than permitted under Art. 25d of the German Banking Act. Members should be reliable, and due attention must be given to their willingness to engage, personality, professionalism, integrity and independence. The aim is that the Supervisory Board should always consist of at least eight independent members as defined in section 5.4.2 of the Code elected by the Annual General Meeting and not more than two former members of the Board of Managing Directors of Commerzbank AG. Members should not act as directors of or advisors to major competitors. Members are subject to an age limit of 72. The Supervisory Board takes these objectives into consideration when putting candidates forward to the Annual General Meeting.

The Supervisory Board pays attention to its diversity. The Supervisory Board of Commerzbank has 20 members. The aim is that there should always be at least one international representative. The Supervisory Board also pays attention to appropriate representation of women when putting candidates forward to the Annual General Meeting. There are currently seven women on the Supervisory Board of Commerzbank AG, three of whom are shareholder representatives. The percentage of women on the Supervisory Board is therefore currently 35%. The Supervisory Board is keen to maintain this number, and at least to satisfy the statutory 30% minimum for female representation. It must be borne in mind, however, that the Supervisory Board can only influence its composition by proposing candidates to the Annual General Meeting. The employee representatives on the Supervisory Board are also keen to at least maintain the current percentage of female representation among the employee representatives.

In accordance with section 5.4.2 of the German Corporate Governance Code, the Supervisory Board has ascertained that it has, in its view, an appropriate number of independent members.

As part of the assessment required under Art. 25d (11) nos 3 and 4 of the German Banking Act, the Supervisory Board reviewed the efficiency of its work with the assistance of an external HR consultant in 2015. The results of this efficiency audit were presented to the plenary session for discussion. The members believe that the Supervisory Board works in an efficient manner and to a high standard. Suggestions from members of the Supervisory Board have been and continue to be taken into account for future activities.

Under Art. 3 (6) of the rules of procedure of the Supervisory Board, each member of the Supervisory Board must disclose any conflicts of interest. No member of the Supervisory Board disclosed a conflict of interest pursuant to section 5.5.2 of the German Corporate Governance Code in the year under review.

Details of the remuneration paid to the members of the Supervisory Board are given in the Remuneration Report on pages 46 and 47.

Diversity

Within the scope of their respective responsibilities, the Board of Managing Directors and Supervisory Board of Commerzbank will ensure that greater attention is paid to diversity, and particularly to efforts to achieve an appropriate degree of female representation, in the composition of the Board of Managing Directors, in appointments to managerial positions at the Bank and with respect to proposals for the election of members of the Supervisory Board (sections 4.1.5, 5.1.2 and 5.4.1 of the Code), as well as the composition of other committees.

Target ratio for management levels 1 and 2

Art. 76 (4) of the German Stock Corporation Act requires the Board of Managing Directors to set a target for the percentage of women at the two management levels below the Board of Managing Directors and a deadline for reaching that target, which may not be later than 30 June 2017.

The Board of Managing Directors tackled this issue in good time and set target ratios for management levels 1 and 2 of the domestic operations of Commerzbank AG back in March 2015; these were equal to the actual levels at the end of December 2014. For management level 1 the target was 8.6%; for level 2 it was 14.6%. The deadline was set for 30 June 2017.

The first management level below the Board of Managing Directors consists of 38 people, of whom 31 are male and 7 female. The current percentage of women in the first level of management below the Board of Managing Directors is therefore 18.4%.

The second management level below the Board of Managing Directors consists of 390 people, of whom 330 are male and 60 female. The current percentage of women in the second level of management below the Board of Managing Directors is therefore 15.5%.

Commerzbank has deliberately opted for these "conservative" ratios in order to meet the statutory requirement while also retaining business freedom. It is an important objective for the Bank to increase the number of women in leadership positions further, regardless of what the law says. The number of women in leadership positions at level one rose from 8.6% to 18.4% in 2015, and from 14.6% to 15.5% at level two.

Target ratio for the Board of Managing Directors

In terms of the ratio to be set for women on the Board of Managing Directors of Commerzbank AG, the Supervisory Board has set itself the objective of appointing women. It will therefore monitor the measures taken by the Board of Managing Directors to increase the percentage of women at management levels one and two as a way of systematically producing suitable candidates for appointment to the Board of Managing Directors. The target set by the Commerzbank Supervisory Board for the percentage of women on the Board of Managing Directors by 30 June 2017 is zero. In view of the present circumstances, the Supervisory Board was unable to set a binding higher target ratio for this period.

It also takes the view that positions should be filled solely on the basis of qualification and expertise, regardless of gender.

Whatever the statutory requirements, promoting opportunities for women has been very important at Commerzbank for many years. The Board of Managing Directors initiated the "Women in management positions" project in 2010. The aim is to ensure a strong management team for Commerzbank and harness all the talent available. In-depth analyses produced a detailed picture of the initial situation. Specific measures were then developed and implemented on this basis with the aim of increasing the proportion of women in management positions. The Board of Managing Directors is informed every six months of progress made in implementing these measures and changes in the proportion of women in management positions. The top management in all Bank segments is responsible for the sustainable implementation of the goals. The "Women in management positions" project has boosted the Group's proportion of women in all management positions to over 28.5%.

In addition, Commerzbank is helping staff combine family life with a career through the provision of company-sponsored childcare, the "Keep in Touch" programme for staying in contact during parental leave and the "Comeback Plus" programme to help people return to work after parental leave. Commerzbank offers a comprehensive range of assistance with childcare, consisting of advice on childcare, arranging childcare places and financial allowances. The "Kids & Co." day care centre in Frankfurt for the children of employees has been open since 1 June 2005. "Kids & Co." has crèches (for children aged 9 weeks to 3 years, six locations in Frankfurt), kindergartens (age 3 to school entry, currently at two locations) and an after-school club, which was introduced in 2011. Since 2010, staff have been able to use crèches and kindergartens at a total of 23 different childcare facilities throughout Germany. Commerzbank Aktiengesellschaft makes a significant financial commitment to supporting these arrangements, and currently offers a total of around 320 childcare places. Emergency and holiday childcare is also available for employees at 21 sites throughout the country.

Accounting

Accounting at the Commerzbank Group gives a true and fair view of the net assets, financial position and earnings performance of the Group. It applies International Financial Reporting Standards (IFRS), while the parent company financial statements of Commerzbank Aktiengesellschaft are prepared under the rules of the German Commercial Code (HGB). The Group financial statements and the financial statements of the parent bank are prepared by the Board of Managing Directors and approved or adopted by the Supervisory Board. The audit is performed by the auditor elected by the Annual General Meeting.

The annual financial statements also include a detailed risk report, providing information on the Bank's responsible handling of the various types of risk. This appears on pages 107 to 146 of this Annual Report.

Shareholders and third parties receive additional information on the course of business during the financial year in the form of the semi-annual report and two quarterly reports. These interim reports are also prepared in accordance with applicable international accounting standards.

Shareholder relations, transparency and communication

The Annual General Meeting of shareholders takes place once a year. It decides upon the appropriation of distributable profit (if any) and approves the actions of the Board of Managing Directors and the Supervisory Board, the appointment of the auditors and any amendments to the Articles of Association. If necessary, it authorises the Board of Managing Directors to undertake capital-raising measures and approves the signing of profit-transfer agreements. Each share entitles the holder to one vote.

Most recently in 2015 the Board of Managing Directors and the Supervisory Board, as is permitted under Art. 120 (4) of the German Stock Corporation Act, gave the Annual General Meeting the opportunity to vote on the approval of the remuneration system for members of the Board of Managing Directors. The 2015 Annual General Meeting approved the principles of the variable remuneration system and fixed basic annual salary for members of the Board of Managing Directors. The 2015 Annual General Meeting also voted on the ratio of fixed to variable annual remuneration for members of the Board of Managing Directors pursuant to Art. 25a (5) sentence 5 of the German Banking Act and approved an increase in the cap on variable annual remuneration for members of the Board of Managing Directors of Commerzbank AG to 140% of the respective fixed remuneration for the year from 2015 onwards.

The Bank's shareholders may submit recommendations or other statements by letter or e-mail, or may present them in person. The Bank's head office quality management unit is responsible for dealing with written communication. At the Annual General Meeting, the Board of Managing Directors or the Supervisory Board comment or reply directly. At the same time, shareholders may influence the course of the Annual General Meeting by means of countermotions or supplementary motions to the agenda. Shareholders may also apply for an Extraordinary General Meeting to be convened. The reports and documents required by law for the Annual General Meeting, including the Annual Report, may be downloaded from the internet, and the same applies to the agenda for the Annual General Meeting and any countermotions or supplementary motions.

Commerzbank informs the public – and consequently shareholders as well – about the Bank's financial position and earnings performance four times a year. Corporate news items that may affect the share price are also published in the form of ad hoc releases. This ensures that all shareholders are treated equally. The Board of Managing Directors reports on the annual financial statements and the quarterly results in press conferences and analysts' meetings. Commerzbank uses the possibilities offered by the internet for reporting purposes, offering a wealth of information about the Commerzbank Group at www.commerzbank.com. Materials including the Commerzbank Articles of Association and the rules of procedure of the Board of Managing Directors and the Supervisory Board are available online. The financial calendar for the current and the forthcoming year is also published in the Annual Report and on the internet. This contains the dates of all significant financial communications, especially the dates of annual results press and analyst conferences and the date of the Annual General Meeting.

We feel an obligation to communicate openly and transparently with our shareholders and all other stakeholders. We intend to continue to meet this obligation in the future as well.

Remuneration Report

The following Remuneration Report is also part of the Group Management Report.

This report follows the recommendations of the German Corporate Governance Code and complies with the requirements of IFRS.

Board of Managing Directors

New Board of Managing Directors remuneration system from 1 January 2015

In December 2014, the Supervisory Board ratified a new remuneration system for the members of the Board of Managing Directors. It had become necessary to introduce a new system from 2015 in order to bring the remuneration of the Board of Managing Directors into line with new and/or amended rules under CRD IV, the German Banking Act and the Remuneration Ordinance for Institutions. The existing system also needed to be simplified, so as to improve its transparency and its clarity in respect of success measurement. The Supervisory Board therefore agreed amended employment contracts with all members of the Board of Managing Directors with retroactive effect from 1 January 2015. However, the components of the previous remuneration system that had not been paid out in full by 1 January 2015 continued to be governed exclusively by the rules of the previous remuneration system, which is described in the 2014 Remuneration Report. The Remuneration Control Committee established in 2014 assisted the Supervisory Board in designing the new remuneration system. The committee's tasks include preparing resolutions of the Supervisory Board on the appropriate design of the remuneration system for the Board of Managing Directors. In so doing, it considers the impact of these resolutions on the Bank's risks and risk management and takes particular account of the interests of shareholders and investors. Under the recommendations of the German Corporate Governance Code, the Supervisory Board must consider the appropriateness of the remuneration, both in a cross-comparison with competitors and in a vertical comparison with the remuneration of senior management and employee pay in Germany.

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

Fixed remuneration components The fixed remuneration components include the basic annual salary and non-monetary elements. The fixed basic annual salary of ordinary members of the Board of Managing Directors is €750 thousand. It is payable in 12 equal monthly instalments at the beginning of the month. The non-monetary elements mainly consist of the use of a company car with driver, security measures and insurance contributions (accident insurance), as well as the tax thereon.

Performance-related remuneration components (variable remuneration) The remuneration system provides for a uniform variable remuneration component linked to the achievement of targets set at the start of each financial year. The variable remuneration component combines EVA target achievement by the Commerzbank Group and target achievement by the department (segment and/or cross-cutting function) for which the member of the Board of Managing Directors in question is responsible with the achievement of individual performance targets. Goal achievement for the Group, the department and the individual performance can be between 0% and 200%; however, overall goal achievement is limited to 150% of the target amount for variable remuneration. The total goal achievement amount is arrived at by multiplying the overall goal achievement level by the target amount.

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

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

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

- **Company targets** The Supervisory Board sets targets for economic value added (EVA) or for another indicator that it may choose for the Group and the departments for which a member of the Board of Managing Directors in question is responsible and determines what level of target attainment corresponds to what percentage.

- **Individual targets** The Supervisory Board also sets specific individual quantitative and/or qualitative targets for the members of the Board of Managing Directors.

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

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

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

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

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

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

Pension provision

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

Each member of the Board of Managing Directors receives a credit of a pension module to their pension account every year until the end of their appointment as such. The pension module for a calendar year is calculated by converting the relevant annual contribution into an entitlement to a retirement, disability and surviving dependants' pension. The pension account represents the retirement pension entitlement the member of the Board of Managing Directors has accrued.

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

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

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

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

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

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

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

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

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

› **Rules for members of the Board of Managing Directors who were appointed after the new provisions came into effect** Pension provision for members of the Board of Managing Directors appointed after the new provisions came into effect was defined according to the Commerzbank capital plan for company pension benefits. Under this agreement, a retirement pension in the form of a capital payment is paid out if the member of the Board of Managing Directors leaves the Bank:

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

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

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

A portion of the annual contribution – determined by the age of the member of the Board of Managing Directors and amounting to at least 93.7% – is placed in investment funds and maintained in a virtual custody account.

The retirement capital or the early retirement capital will correspond to the amount in the virtual custody account or the amount in the pension account when the pension benefits start to be paid out, whichever is higher. Under these rules, the amount in the pension account represents the minimum capital payment, where the amount in the virtual custody account is less.

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

Table 2

€1,000		Pension entitlements Projected annual pension at pensionable age of 62 As at 31.12.	Net present values of pension entitlements[1] As at 31.12.	Service costs[2]
Martin Blessing	2015	324	6,394	–596
	2014	297	7,555	434
Frank Annuscheit	2015	180	3,629	199
	2014	157	3,782	386
Markus Beumer	2015	169	3,299	146
	2014	147	3,498	353
Stephan Engels	2015	75[3]	1,207	317
	2014	60[3]	891	316
Michael Reuther	2015	214	4,646	200
	2014	190	4,820	438
Dr. Stefan Schmittmann	2015	233	5,087	620
	2014	202	5,041	612
Martin Zielke	2015	153	3,110	588
	2014	126	2,861	456
Total	**2015**		**27,372**	**1,474**
	2014		**28,448**	**2,995**

[1] The decreases in net present value in some cases were caused mainly by the change in pension commitments and the increase in the discount rate used in the calculation according to IFRS.
[2] Service costs for 2015 were reduced by the fact that a link to changes in salary is no longer employed when measuring the pension liabilities.
[3] Capital sum annuitised.

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

If a member of the Board of Managing Directors dies before the pension benefits become due, their dependants are entitled to receive the dependants' capital, which corresponds to the amount in the virtual custody account on the value date or the sum of the amount in the pension account and any additional amount, whichever is higher. An additional amount is payable if, at the time when pension benefits became due through inability to work or at the time of death, the Board member had served at least five consecutive years on the Bank's Board of Managing Directors and had not yet reached their 55th birthday. If the member of the Board of Managing Directors has elected for the pension option, in the event of the death of the member of the Board of Managing Directors as the prospective or current recipient of a pension, their dependant receives a widow(er)'s pension of 60% of the current prospective pension entitlement or the pension instalment most recently paid.

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

Table 2 shows for active members of the Board of Directors the annual pension entitlements at pensionable age of 62 on 31 December 2015, the actuarial net present values on 31 December 2015, the service costs for 2015 contained in the net present value, and comparable amounts for the previous year. The net present values of the pension entitlements accrued for 2015 as shown in the table are in some cases considerably lower than the figures for 2014. This was caused mainly by the change in pension commitments to the members of the Board of Managing Directors, whereby a link to changes in salary is no longer employed when measuring the pension liabilities, and the increase in the discount rate used in the calculation according to IFRS. This rate is based on market interest rates for high-grade fixed-interest industrial bonds. Market interest rates as at 31 December 2015 had increased year-on-year, which, in view of the long capitalisation period, had a substantial downward impact on the net present values listed. The change in pension commitments reduced the service costs for financial year 2015 – considerably so in some cases.

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

As at 31 December 2015, defined benefit obligations for current members of the Commerzbank Aktiengesellschaft Board of Managing Directors on the reporting date totalled €27.4m (previous year: €28.4m).

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

If appointment to the Board of Managing Directors ends prematurely, the employment contract usually expires six months after the Board member's appointment ends (linking clause). In this case, the Board member continues to receive the basic annual salary and variable remuneration – subject to Art. 615 sentence 2 of the German Civil Code (offsetting of remuneration otherwise acquired) – until the end of the original term of office. From the moment the term of office is ended, the average target achievement of the other members of the Board of Managing Directors for the year in question will be used for target achievement. The variable remuneration also remains subject to the rules of the remuneration system, including the retrospective performance evaluation.

If, in the case of premature termination of appointment to the Board of Managing Directors, the contract of employment ends for reasons other than the linking clause described above, the fixed basic annual salary will continue to be paid – on a pro-rata basis where applicable – until the end of the contract of employment. The variable remuneration communicated for financial years prior to the termination of the contract of employment remains unaffected. The variable remuneration for the final year in office is reduced on a pro-rata basis where applicable. The variable remuneration also remains subject to the rules of the remuneration system, including the retrospective performance evaluation, in this case too.

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

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

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

If the period of office is terminated because of a serious breach of duty, the variable remuneration for the year in which the term of office ended and variable remuneration not yet paid out in respect of previous years shall not be payable.

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

Summary

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

Table 3

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

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

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

The share-based amounts, i.e. the amounts under the STI and LTI[2] settled in virtual shares, must under DRS 17 be shown at their original value at the time they were granted, regardless of their actual change in value.

- Under the old remuneration system, granting took place at the same time that the target announcement was made. With respect to these components for 2014, the table therefore shows theoretical values and not payout sums.
- Under the new remuneration system, granting takes place only once the entitlement under the STI/LTI exists. The cash component of the STI for 2015 is shown at 20% of the total goal

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

[2] Last year's share-based amounts also contained price-related components settled in cash.

Table 4

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

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

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

Table 4 (continuation)

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

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

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

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

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

[4] The payments depend in particular on how economic value added (EVA) performs over a four-year period and are made subject to approval of the annual financial statements for the final year of this four-year period in the subsequent year; e.g. for financial year 2014 and the four-year period 2014–2017, this will take place in 2018.
The possible payout ranges for financial year 2014 are between €0 and €300 thousand for a member of the Board of Managing Directors and between €0 and €525 thousand for the Chairman of the Board of Managing Directors, whereby in relation to the total amount of fixed remuneration, the partial waiver by all members of the Board of Managing Directors in respect of amounts in excess of a 1:1 ratio between fixed and variable remuneration must be borne in mind.

[5] The payouts for 2014 are initially calculated as provisional payout sums. The number of shares to be granted is then calculated by dividing the provisional payout sums by a future average share price. Under DRS 17, these remuneration components are presented irrespective of their actual performance at the goal achievement originally expected when they were granted at the beginning of financial year 2014.

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

achievement amount. This corresponds to the payout sum for the STI cash component. The share-based STI component is linked to the performance of the Commerzbank share. The table therefore shows theoretical values and not payout sums for this component too. As the entitlement under the LTI (share-based and non-share-based) for the variable remuneration in respect of 2015 only comes into being after the end of the five-year retention period, it is not shown in this table.

As the new remuneration system does not provide for the actual awarding of shares, but rather the share-based component pays remuneration in cash based on the performance of virtual shares, it constitutes cash remuneration based on share-price performance.

Pursuant to IFRS 2 and in light of the three-year period that underlies the new remuneration system and applies to the determination of target achievement, proportionate expenses for share-based remuneration of future financial years must be recognised in this financial year. As such, the expenses set out below for 2015 do not represent either the amounts to be recognised under DRS 17 or actual assumptions or payouts. By contrast, the prior-year figures under the old remuneration system, which were also presented according to IFRS 2, related exclusively to financial year 2014 and as such are not comparable with the values for 2015.

Share-based remuneration pursuant to IFRS 2 recognised through profit or loss in 2015 totalled €4,658 thousand, of which €1,003 thousand was for Martin Blessing, €720 thousand for Martin Zielke, €671 thousand for Michael Reuther, €647 thousand each for Frank Annuscheit and Stephan Engels, €585 thousand for Markus Beumer and €385 thousand for Dr. Stefan Schmittmann. In the previous year, these amounts totalled €3,368 thousand, of which €771 thousand was for Martin Blessing, €452 thousand for Frank Annuscheit, €441 thousand each for Dr. Stefan Schmittmann and Martin Zielke, €429 thousand for Michael Reuther and €417 thousand each for Markus Beumer and Stephan Engels.

Loans to members of the Board of Managing Directors

Members of the Board of Managing Directors have been granted loans with terms ranging from on demand up to a due date of 2042 and at interest rates ranging between 1.3% and 2.8%, and on amounts overdrawn in certain cases up to 15.2%. Collateral security is provided on normal market terms, if necessary through land charges or rights of lien.

As at the reporting date, the aggregate amount of loans granted to members of the Board of Managing Directors was €4,930 thousand, compared with €3,165 thousand in the previous year. With the exception of rental guarantees, Commerzbank Group companies did not enter into any contingent liabilities in favour of members of the Board of Managing Directors in the year under review.

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

Under 4.2.5 of the 5 May 2015 edition of the German Corporate Governance Code, which is fleshed out by means of model tables appended to the Code, the benefits granted (target figures or assumptions) in the year under review and the allocation made (actual payouts made for the reporting year) should be reported for each member of the Board of Managing Directors. The benefits and allocations should be broken down into fixed remuneration, fringe benefits, one-year and multi-year variable remuneration and service cost within the meaning of IAS 19.

Table 5 implements these recommendations; however, for reasons of clarity, they are summarised in a single table.

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

Table 5

Martin Blessing, Chairman
Central & Eastern Europe

€1,000	Benefits granted 2015	min. value	max. value	2014	Allocation 2015	2014
Fixed remuneration	1,313	1,313	1,313	1,313	1,313	1,313
Accessory considerations	112	112	112	73	112	73
Total	**1,425**	**1,425**	**1,425**	**1,386**	**1,425**	**1,386**
One-year variable remuneration[1]	**326**	**0**	**489**	**350**	**296**	**236**
Multi-year variable remuneration[1, 2]	**1,304**	**0**	**1,955**	**1,314**	**0**	**0**
STI 2012 in virtual shares (up to Q1/2014)	–	–	–	–	–	0
STI 2013 in virtual shares (up to Q1/2015)[3]	–	–	–	–	0	–
STI 2014 in virtual shares (up to Q1/2016)	–	–	–	285	–	–
STI 2015 in virtual shares (up to Q1/2017)[4]	326	0	489	–	–	–
LTI 2012 in cash (up to 31.12.2015)[5]	–	–	–	–	0	–
LTI 2012 in virtual shares (up to Q1/2017)	–	–	–	–	–	–
LTI 2013 in cash (up to 31.12.2016)	–	–	–	–	–	–
LTI 2013 in virtual shares (up to Q1/2018)	–	–	–	–	–	–
LTI 2014 in cash (up to 31.12.2017)	–	–	–	525	–	–
LTI 2014 in virtual shares (up to Q1/2019)	–	–	–	504	–	–
LTI 2015 in cash (up to 31.12.2020)	489	0	733	–	–	–
LTI 2015 in virtual shares (up to 31.12.2021)	489	0	733	–	–	–
Partial waiver of variable remuneration[6]	**–**	**–**	**–**	**–164**	**–**	**–**
Total	**3,055**	**1,425**	**3,869**	**2,886**	**1,721**	**1,622**
Pension cost[7]	–596	–596	–596	434	–596	434
Total remuneration	**2,459**	**829**	**3,273**	**3,320**	**1,125**	**2,056**

Frank Annuscheit, Chief Operating Officer
Human Resources

€1,000	Benefits granted 2015	min. value	max. value	2014	Allocation 2015	2014
Fixed remuneration	750	750	750	750	750	750
Accessory considerations	82	82	82	57	82	57
Total	**832**	**832**	**832**	**807**	**832**	**807**
One-year variable remuneration[1]	**200**	**0**	**300**	**200**	**144**	**140**
Multi-year variable remuneration[1, 2]	**800**	**0**	**1,200**	**751**	**151**	**59**
STI 2012 in virtual shares (up to Q1/2014)	–	–	–	–	–	59
STI 2013 in virtual shares (up to Q1/2015)	–	–	–	–	151	–
STI 2014 in virtual shares (up to Q1/2016)	–	–	–	163	–	–
STI 2015 in virtual shares (up to Q1/2017)[4]	200	0	300	–	–	–
LTI 2012 in cash (up to 31.12.2015)[5]	–	–	–	–	0	–
LTI 2012 in virtual shares (up to Q1/2017)	–	–	–	–	–	–
LTI 2013 in cash (up to 31.12.2016)	–	–	–	–	–	–
LTI 2013 in virtual shares (up to Q1/2018)	–	–	–	–	–	–
LTI 2014 in cash (up to 31.12.2017)	–	–	–	300	–	–
LTI 2014 in virtual shares (up to Q1/2019)	–	–	–	288	–	–
LTI 2015 in cash (up to 31.12.2020)	300	0	450	–	–	–
LTI 2015 in virtual shares (up to 31.12.2021)	300	0	450	–	–	–
Partial waiver of variable remuneration[6]	**–**	**–**	**–**	**0**	**–**	**–**
Total	**1,832**	**832**	**2,332**	**1,758**	**1,127**	**1,006**
Pension cost[7]	199	199	199	386	199	386
Total remuneration	**2,031**	**1,031**	**2,531**	**2,144**	**1,326**	**1,392**

For footnotes see page 45.

Table 5 (continuation)

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

	Benefits granted				Allocation	
€1,000	2015	min. value	max. value	2014	2015	2014
Fixed remuneration	750	750	750	750	750	750
Accessory considerations	77	77	77	38	77	38
Total	**827**	**827**	**827**	**788**	**827**	**788**
One-year variable remuneration[1]	**200**	**0**	**300**	**200**	**134**	**125**
Multi-year variable remuneration[1, 2]	**800**	**0**	**1,200**	**751**	**131**	**76**
STI 2012 in virtual shares (up to Q1/2014)	–	–	–	–	–	76
STI 2013 in virtual shares (up to Q1/2015)	–	–	–	–	131	–
STI 2014 in virtual shares (up to Q1/2016)	–	–	–	163	–	–
STI 2015 in virtual shares (up to Q1/2017)[4]	200	0	300	–	–	–
LTI 2012 in cash (up to 31.12.2015)[5]	–	–	–	–	0	–
LTI 2012 in virtual shares (up to Q1/2017)	–	–	–	–	–	–
LTI 2013 in cash (up to 31.12.2016)	–	–	–	–	–	–
LTI 2013 in virtual shares (up to Q1/2018)	–	–	–	–	–	–
LTI 2014 in cash (up to 31.12.2017)	–	–	–	300	–	–
LTI 2014 in virtual shares (up to Q1/2019)	–	–	–	288	–	–
LTI 2015 in cash (up to 31.12.2020)	300	0	450	–	–	–
LTI 2015 in virtual shares (up to 31.12.2021)	300	0	450	–	–	–
Partial waiver of variable remuneration[6]	**–**	**–**	**–**	**0**	**–**	**–**
Total	**1,827**	**827**	**2,327**	**1,739**	**1,092**	**989**
Pension cost[7]	146	146	146	353	146	353
Total remuneration	**1,973**	**973**	**2,473**	**2,092**	**1,238**	**1,342**

Stephan Engels
Chief Financial Officer

	Benefits granted				Allocation	
€1,000	2015	min. value	max. value	2014	2015	2014
Fixed remuneration	750	750	750	750	750	750
Accessory considerations	109	109	109	69	109	69
Total	**859**	**859**	**859**	**819**	**859**	**819**
One-year variable remuneration[1]	**200**	**0**	**300**	**200**	**144**	**125**
Multi-year variable remuneration[1, 2]	**800**	**0**	**1,200**	**751**	**131**	**48**
STI 2012 in virtual shares (up to Q1/2014)	–	–	–	–	–	48
STI 2013 in virtual shares (up to Q1/2015)	–	–	–	–	131	–
STI 2014 in virtual shares (up to Q1/2016)	–	–	–	163	–	–
STI 2015 in virtual shares (up to Q1/2017)[4]	200	0	300	–	–	–
LTI 2012 in cash (up to 31.12.2015)[5]	–	–	–	–	0	–
LTI 2012 in virtual shares (up to Q1/2017)	–	–	–	–	–	–
LTI 2013 in cash (up to 31.12.2016)	–	–	–	–	–	–
LTI 2013 in virtual shares (up to Q1/2018)	–	–	–	–	–	–
LTI 2014 in cash (up to 31.12.2017)	–	–	–	300	–	–
LTI 2014 in virtual shares (up to Q1/2019)	–	–	–	288	–	–
LTI 2015 in cash (up to 31.12.2020)	300	0	450	–	–	–
LTI 2015 in virtual shares (up to 31.12.2021)	300	0	450	–	–	–
Partial waiver of variable remuneration[6]	**–**	**–**	**–**	**0**	**–**	**–**
Total	**1,859**	**859**	**2,359**	**1,770**	**1,134**	**992**
Pension cost[7]	317	317	317	316	317	316
Total remuneration	**2,176**	**1,176**	**2,676**	**2,086**	**1,451**	**1,308**

For footnotes see page 45.

Table 5 (continuation)

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

	Benefits granted				Allocation	
€1,000	2015	min. value	max. value	2014	2015	2014
Fixed remuneration	750	750	750	750	750	750
Accessory considerations	104	104	104	70	104	70
Total	**854**	**854**	**854**	**820**	**854**	**820**
One-year variable remuneration[1]	**200**	**0**	**300**	**200**	**154**	**130**
Multi-year variable remuneration[1, 2]	**800**	**0**	**1,200**	**751**	**151**	**59**
STI 2012 in virtual shares (up to Q1/2014)	–	–	–	–	–	59
STI 2013 in virtual shares (up to Q1/2015)	–	–	–	–	151	–
STI 2014 in virtual shares (up to Q1/2016)	–	–	–	163	–	–
STI 2015 in virtual shares (up to Q1/2017)[4]	200	0	300	–	–	–
LTI 2012 in cash (up to 31.12.2015)[5]	–	–	–	–	0	–
LTI 2012 in virtual shares (up to Q1/2017)	–	–	–	–	–	–
LTI 2013 in cash (up to 31.12.2016)	–	–	–	–	–	–
LTI 2013 in virtual shares (up to Q1/2018)	–	–	–	–	–	–
LTI 2014 in cash (up to 31.12.2017)	–	–	–	300	–	–
LTI 2014 in virtual shares (up to Q1/2019)	–	–	–	288	–	–
LTI 2015 in cash (up to 31.12.2020)	300	0	450	–	–	–
LTI 2015 in virtual shares (up to 31.12.2021)	300	0	450	–	–	–
Partial waiver of variable remuneration[6]	**–**	**–**	**–**	**0**	**–**	**–**
Total	**1,854**	**854**	**2,354**	**1,771**	**1,159**	**1,009**
Pension cost[7]	200	200	200	438	200	438
Total remuneration	**2,054**	**1,054**	**2,554**	**2,209**	**1,359**	**1,447**

Dr. Stefan Schmittmann
Chief Risk Officer

	Benefits granted				Allocation	
€1,000	2015	min. value	max. value	2014	2015	2014
Fixed remuneration	750	750	750	750	750	750
Accessory considerations	91	91	91	49	91	49
Total	**841**	**841**	**841**	**799**	**841**	**799**
One-year variable remuneration[1]	**200**	**0**	**300**	**200**	**154**	**135**
Multi-year variable remuneration[1, 2]	**800**	**0**	**1,200**	**751**	**141**	**53**
STI 2012 in virtual shares (up to Q1/2014)	–	–	–	–	–	53
STI 2013 in virtual shares (up to Q1/2015)	–	–	–	–	141	–
STI 2014 in virtual shares (up to Q1/2016)	–	–	–	163	–	–
STI 2015 in virtual shares (up to Q1/2017)[4]	200	0	300	–	–	–
LTI 2012 in cash (up to 31.12.2015)[5]	–	–	–	–	0	–
LTI 2012 in virtual shares (up to Q1/2017)	–	–	–	–	–	–
LTI 2013 in cash (up to 31.12.2016)	–	–	–	–	–	–
LTI 2013 in virtual shares (up to Q1/2018)	–	–	–	–	–	–
LTI 2014 in cash (up to 31.12.2017)	–	–	–	300	–	–
LTI 2014 in virtual shares (up to Q1/2019)	–	–	–	288	–	–
LTI 2015 in cash (up to 31.12.2020)	300	0	450	–	–	–
LTI 2015 in virtual shares (up to 31.12.2021)	300	0	450	–	–	–
Partial waiver of variable remuneration[6]	**–**	**–**	**–**	**0**	**–**	**–**
Total	**1,841**	**841**	**2,341**	**1,750**	**1,136**	**987**
Pension cost[7]	620	620	620	612	620	612
Total remuneration	**2,461**	**1,461**	**2,961**	**2,362**	**1,756**	**1,599**

For footnotes see page 45.

Table 5 (continuation)

Martin Zielke
Private Customers

	Benefits granted				Allocation	
€1,000	2015	min. value	max. value	2014	2015	2014
Fixed remuneration	750	750	750	750	750	750
Accessory considerations	102	102	102	68	102	68
Total	**852**	**852**	**852**	**818**	**852**	**818**
One-year variable remuneration[1]	**200**	**0**	**300**	**200**	**160**	**135**
Multi-year variable remuneration[1, 2]	**800**	**0**	**1,200**	**751**	**161**	**53**
STI 2012 in virtual shares (up to Q1/2014)	–	–	–	–	–	53
STI 2013 in virtual shares (up to Q1/2015)	–	–	–	–	161	–
STI 2014 in virtual shares (up to Q1/2016)	–	–	–	163	–	–
STI 2015 in virtual shares (up to Q1/2017)[4]	200	0	300	–	–	–
LTI 2012 in cash (up to 31.12.2015)[5]	–	–	–	–	0	–
LTI 2012 in virtual shares (up to Q1/2017)	–	–	–	–	–	–
LTI 2013 in cash (up to 31.12.2016)	–	–	–	–	–	–
LTI 2013 in virtual shares (up to Q1/2018)	–	–	–	–	–	–
LTI 2014 in cash (up to 31.12.2017)	–	–	–	300	–	–
LTI 2014 in virtual shares (up to Q1/2019)	–	–	–	288	–	–
LTI 2015 in cash (up to 31.12.2020)	300	0	450	–	–	–
LTI 2015 in virtual shares (up to 31.12.2021)	300	0	450	–	–	–
Partial waiver of variable remuneration[6]	**–**	**–**	**–**	**0**	**–**	**–**
Total	**1,852**	**852**	**2,352**	**1,769**	**1,173**	**1,006**
Pension cost[7]	588	588	588	456	588	456
Total remuneration	**2,440**	**1,440**	**2,940**	**2,225**	**1,761**	**1,462**

[1] The one-year variable remuneration consists of the STI in cash, which is paid out the following year. All other variable remuneration components are shown under multi-year variable remuneration because their measurement periods do not end on the corresponding reporting date.
[2] The terms of the LTI 2015 cash and virtual shares components end on 31 December. However, the German Corporate Governance Code requires the actual allocation in the following year to be stated for the financial year just ended, as with one-year variable remuneration. By contrast, the other virtual share components take account of share price performance up to shortly before the point of payment and as such can only be reported as an allocation for the year in which payment is made.
[3] Martin Blessing, Chairman of the Board of Managing Directors, has waived all entitlement to variable remuneration for 2012 and 2013.
[4] The maximum amounts stated for the STI 2015 in virtual shares have been calculated assuming a constant share price. These maximum amounts could theoretically be exceeded if the share price rises.
[5] The LTI components 2012 due upon approval of the annual financial statements for 2015 have a value of €0, as all members of the Board of Managing Directors waived their EVA-dependent STI and LTI components for 2012. The share component and the cash element of the LTI share component to be disclosed here have a value of €0 in view of the performance of the Commerzbank share relative to its peers over the period in question.
[6] The members of the Board of Managing Directors waived part of their variable remuneration for financial year 2014, specifically where the maximum amounts of €1.5m for the Chairman of the Board of Managing Directors and €1m for the other members of the Board of Managing Directors would be exceeded. As these amounts are below the fixed remuneration actually paid, the partial waiver exceeded the legal requirements. As such, the partial waiver of the Chairman of the Board of Managing Directors affected the benefits granted under the German Corporate Governance Code, not the allocations (actual payouts) for 2014.
[7] Service cost within the meaning of IAS 19 is to be stated here (see "Pension provision" section).

Supervisory Board

Principles of the remuneration system and remuneration for financial year 2015

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

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

The Chairman receives triple and the Deputy Chairman double the aforementioned basic remuneration. For membership of a committee of the Supervisory Board which meets at least twice in any calendar year, the committee chairman receives additional remuneration in the amount of the basic remuneration and each committee member in the amount of half the basic remuneration; this additional remuneration is paid for a maximum of three committee appointments. In addition, each member of the Supervisory Board receives an attendance fee of €1.5 thousand for each meeting of the Supervisory Board or one of its committees. The fixed remuneration and attendance fees are payable at the end of each financial year and the variable remuneration after the Annual General Meeting that passes a resolution approving the actions of the Supervisory Board for the financial year concerned. The value-added tax payable on the remuneration is reimbursed by the Bank.

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

Table 6

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

Table 6 (continuation)

€1,000		Fixed remuneration	Variable remuneration	Attendance fee	Total
Barbara Priester	2015	40.0	6.0	13.5	59.5
	2014	40.0	–	10.5	50.5
Mark Roach	2015	40.0	6.0	15.0	61.0
	2014	40.0	–	12.0	52.0
Petra Schadeberg-Herrmann	2015	13.2	2.0	9.0	24.2
(until 30 April 2015)	2014	53.5	–	15.0	68.5
Margit Schoffer	2015	60.0	9.0	27.0	96.0
	2014	60.0	–	21.0	81.0
Nicholas Teller	2015	60.0	9.0	24.0	93.0
(since 8 May 2014)	2014	32.3	–	10.5	42.8
Dr. Gertrude Tumpel-Gugerell	2015	60.0	9.0	25.5	94.5
	2014	60.0	–	19.5	79.5
Solms U. Wittig	2015	–	–	–	–
(until 8 May 2014)	2014	14.1	–	4.5	18.6
Total	**2015**	**1,339.8**	**201.0**	**478.5**	**2,019.3**
	2014	**1,304.6**	**–**	**352.5**	**1,657.1**

Commerzbank Aktiengesellschaft intends to pay a dividend of €0.20 per share in respect of financial year 2015. Members of the Supervisory Board thus receive total net remuneration for financial year 2015 of €2,019 thousand (previous year: €1,657 thousand). Of this figure, the basic remuneration and remuneration for serving on committees amounts to €1,541 thousand (previous year: €1,305 thousand), of which €201 thousand is variable remuneration (previous year: €0). Attendance fees amounted to €478 thousand (previous year: €352 thousand). The value added tax (currently 19%) payable on the remuneration of the members of the Supervisory Board resident in Germany was reimbursed by Commerzbank Aktiengesellschaft.

Members of the Supervisory Board once again provided no advisory, intermediary or other personal services in 2015. Accordingly, no additional remuneration was paid.

Loans to members of the Supervisory Board

Members of the Supervisory Board have been granted loans with terms ranging from on demand up to a due date of 2047 and at interest rates ranging between 1.3% and 5.1%, and on amounts overdrawn in certain cases up to 12.0%. Collateral security is provided on normal market terms, if necessary through land charges or rights of lien.

As at the reporting date, the aggregate amount of loans granted to members of the Supervisory Board was €2,961 thousand; in the previous year, the figure was €563 thousand. Commerzbank Group companies did not enter into any contingent liabilities in favour of members of the Supervisory Board in the year under review.

Other details

D&O liability insurance

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

Purchase and sale of the Company's shares

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

In 2015, members of Commerzbank's Board of Managing Directors and Supervisory Board reported no directors' dealings in Commerzbank shares or derivatives thereon.

Overall, the Board of Managing Directors and Supervisory Board together held no more than 1% of the issued shares and option rights of Commerzbank Aktiengesellschaft on 31 December 2015.

Frankfurt am Main

Commerzbank Aktiengesellschaft
The Board of Managing Directors | The Supervisory Board

Details pursuant to Art. 315 of the German Commercial Code (HGB)

Details pursuant to Art. 315 (4) of the German Commercial Code (HGB) and explanatory report

Share capital structure

Commerzbank has issued only ordinary shares, the rights and duties attached to which arise from statutory provisions, in particular Arts. 12, 53a et seq., 118 et seq. and 186 of the German Stock Corporation Act (Aktiengesetz, AktG). The share capital of the company totalled €1,252,357,634.00 at the end of the financial year. It is divided into 1,252,357,634 no-par-value shares. The shares are issued in bearer form.

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

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

Powers of the Board of Managing Directors

The Board of Managing Directors, with the approval of the Supervisory Board, is authorised to increase the share capital by a total of €569,253,470.00 by issuing new shares under Art. 4 (3) (Authorised Capital 2015) of the Articles of Association applicable on 31 December 2015. The Board of Managing Directors is authorised, with the approval of the Supervisory Board, to exclude subscription rights in certain cases, in particular to increase the share capital in exchange for non-cash contributions.

Moreover, the Annual General Meeting on 30 April 2015 gave the Board of Managing Directors the authority to issue convertible bonds or bonds with warrants, profit-sharing certificates or hybrid debt instruments (both with and without conversion or option rights, or mandatory conversion) against a cash or non-cash contribution for a total nominal value of up to €13,600,000,000.00. Financial instruments can also be structured in such a way that they are recognised as Additional Tier 1 capital at the time of issue. Conditional capital of up to €569,253,470.00 is available to issue financial instruments according to Art. 4 (4) of the Articles of Association (Conditional Capital 2015). The Board of Managing Directors is authorised, with the approval of the Supervisory Board, to exclude subscription rights in certain cases, in particular where the financial instruments are issued in exchange for non-cash contributions.

For details of the authorised capital and conditional capital, particularly regarding maturities and terms and conditions of exercise, please refer to the explanations in Notes 74 and 75.

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

On 30 April 2015, the Annual General Meeting authorised the Board of Managing Directors to purchase and sell Commerzbank shares for the purpose of securities trading, pursuant to Art. 71 (1) no. 7 of the German Stock Corporation Act, until 29 April 2020. The aggregate amount of shares to be acquired for this purpose may not exceed 5% of the share capital of Commerzbank Aktiengesellschaft at the end of any given day. The price at which own shares are purchased may not be more than 10% lower or higher than the average share price (closing auction prices or similar successor prices for Commerzbank shares in Xetra trading or a similar successor system to the Xetra system on the Frankfurt Stock Exchange) on the three trading days preceding the purchase.

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

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

Equity holdings that exceed 10% of the voting rights

According to the notification of voting rights dated 4 June 2013, the Financial Market Stabilisation Fund holds a stake of 17.15% in the voting capital of Commerzbank AG. Praided that the voting rights remained unchanged, the Financial Market Stabilisation Fund holds a stake of approximately 15.6% in the voting capital of Commerzbank AG following the capital increase in April 2015.

There are no further facts that need to be declared under Art. 315 (4) of the German Commercial Code.

Details pursuant to Art. 315 (2) no. 5 of the German Commercial Code (HGB)

The aim of the internal control and risk management system in respect of financial reporting is to ensure that the annual financial statements of Commerzbank Aktiengesellschaft and the Commerzbank Group provide a true and fair view of the net assets, financial position and results of operations in accordance with the applicable accounting standards under the German Commercial Code and IFRS. The internal control system and the risk management system at Commerzbank are integrated as regards their methodology and implementation, both with a view to financial reporting. In the following, we shall therefore use the term ICS (internal control system). Details of the risk management system can be found in the risk report on pages 107 to 146.

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

Risks to financial reporting may arise from errors in business processes. Fraudulent behaviour can also result in the inaccurate reporting of information. The Bank therefore has to ensure it minimises the risks of incorrect statement, measurement or presentation of financial reporting information. The Commerzbank ICS seeks to provide sufficient certainty that it complies with the relevant legal requirements, that business is conducted in a proper and cost-effective manner and that financial reporting is complete and accurate. It is important to note that despite all measures the Bank may take, the ICS methods and procedures used cannot entirely rule out errors or fraud, and as such offer sufficient certainty but never absolute certainty.

Legal basis and guidelines

Art. 315 (2) No. 5 of the German Commercial Code requires companies to describe the material features of their ICS in the management report. Commerzbank follows the principles for bank-specific organisation of the internal control system set out in the Minimum Requirements for Risk Management (MaRisk).

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

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

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

Organisation

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

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

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

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

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

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

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

Group Finance (GM-F), which reports directly to the CFO, is responsible for ensuring that the financial statements are drawn up in compliance with the relevant laws and internal and external guidelines. Within GM-F, Accounting and Controlling Policies & Guidelines is the department responsible for drawing up Group-wide accounting guidelines and communicating them over the intranet. Implementation of these accounting guidelines supports consistent and correct reporting across the Group.

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

Controls to minimise risk

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

Monitoring by Group Audit

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

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

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

The financial reporting process

The financial reporting procedures at Commerzbank are supported by IT systems integrated into each process. For Commerzbank AG in Germany, the 2015 financial statements have been produced using the new financial architecture; this consists of a new financial data warehouse that provides a consistent repository of basic information, and standard SAP software for the financial function.

The parent company in Germany therefore has a single solution using consistent financial data for financial statements under both IFRS and the German Commercial Code.

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

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

Measures to further enhance the ICS as regards financial reporting

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

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

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

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

This procedure ensures that risks are identified and minimised and that any faulty developments on the operational side are avoided.

Other

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

Sustainable development avoids risks and seizes opportunities

5,400 checks

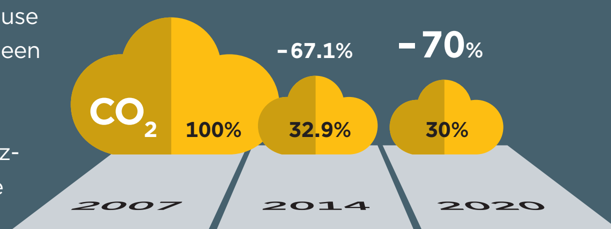
on sustainability risks

In 2015, Commerzbank assessed some 5,400 transactions, products and customer relationships for which sustainability was particularly relevant (2014: around 5,000). This marks a slight increase in the number of assessments. Requests that are incompatible with our understanding of corporate responsibility received a negative evaluation due to social, environmental or ethical concerns.

Our operations are

climate-neutral

The Commerzbank climate target of reducing CO_2 emissions by 70% by 2020 compared with 2007 had already largely been achieved by the end of 2014, with a reduction of 67.1%. Since the start of 2015, unavoidable greenhouse gas emissions have been offset by buying and retiring valuable CO_2 certificates. Commerzbank's operations are therefore climate-neutral.



CO_2 emissions, 2007–2020 (in %)

25 years

of the Commerzbank environmental internship

Since 1990, over 1,400 students have spent a semester gaining practical experience in German national parks, nature parks and biosphere reserves. Commerzbank organises and finances the internship; the protected areas provide the expertise. Just in time for its 25th anniversary, in November 2015 the German Commission for UNESCO recognised the Commerzbank environmental internship as an official project of the UN Decade on Biodiversity.

100

out of 100 points

Commerzbank scored 100 out of 100 in the CDP Climate Disclosure Ranking 2015, making us Sector Leader Financials for climate disclosure in the Germany/Austria/Switzerland region.

Prizes and awards in 2015

CDP™ CLIMATE DISCLOSURE LEADER 2015

Climate disclosure
Added to the Climate Disclosure Leadership Index in 2015

Ausgezeichnetes Projekt UN-Dekade Biologische Vielfalt 2015 leben.natur.vielfalt

The Commerzbank environmental internship
An official project of the UN Decade on Biodiversity 2015/16

German Awards for Excellence

Climate strategy
Award: German Awards for Excellence 2015 "Carbon Footprint"

Corporate Responsibility

Forward-looking business development

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

Integrity as a guiding principle in daily activity

Our sustainable development is founded on behaviour that complies with the law and is ethically irreproachable. This was not always the case in the past. In March 2015, Commerzbank agreed settlements with various US authorities regarding serious violations of US sanctions and anti-money laundering provisions. Part of the settlements involved paying fines of around USD 1.5bn (roughly €1.2bn). They also required Commerzbank to put in place a comprehensive programme called ARC (Achieving a Robust Compliance Framework) to ensure employees keep within the law and regulations. To do this, Commerzbank is improving its compliance function and reinforcing compliance management in all its business units around the world. In addition to the ARC programme, by way of "tone from the top" the members of the Board of Managing Directors regularly stress that the Bank takes its comprehensive compliance obligations seriously and expects every single employee to do the same. In autumn 2015, the Board of Managing Directors put forward an updated version of the binding Code of Conduct. This sets out a framework for proper and ethically irreproachable behaviour in daily work, and makes clear what Commerzbank and its Board of Managing Directors expect from all of the Group's employees: that they not only comply with laws, regulations and internal guidelines but also stay within our guiding principles, the ComValues. Integrity is especially important. It is only by acting with integrity that we can create a foundation for the trust our customers and business partners place in us. This trust is our most important capital. That is why all Commerzbank employees have to take responsibility for their actions. Managers have to set an example.

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

Living out values

Guidelines are only as good as their implementation. In 2015, the management of Commerzbank agreed on new leadership principles to ensure these are effectively embedded in the company. These give managers concrete guidelines for their daily work with internal and external customers and the employees they are responsible for.

Diversity management is another sign of the importance of employees for the development of Commerzbank. We regard the diversity of our workforce as a major factor for success. We therefore promote a working environment that is open, fair and appreciative and support our employees as they seek to balance their private and professional ambitions. External experts regularly review how our commitment is progressing, for instance as part of the "career and family" audit. 2015 saw Commerzbank win the Total E-Quality award for equal opportunities in the workplace for the seventh time.

You can find full information on Commerzbank's HR activities on pages 95 onwards of this Annual Report.

Sustainable offering

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

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

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

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

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

Active climate protection

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

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

Working hard to future-proof society

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

Group Management Report

› In the Group Management Report, we provide in-depth information about the Commerzbank Group's performance in financial year 2015 and about the macroeconomic and sector-specific conditions and their impact on Commerzbank's business activities. We also describe the outlook for the anticipated performance of the Commerzbank Group in 2016 and overall conditions expected.

› Commerzbank achieved much in 2015. For the third year in a row, the Bank increased its consolidated profit. With a return of equity of consolidated profit of just under 4%, we have improved significantly on the previous years and are thus continuing our positive trend – even though the very low to negative interest rate environment has had a severe adverse impact on deposit spreads and in turn our net interest income, while regulatory requirements have led to additional costs. At the same time, we reduced the risks within the Group substantially in 2015. The Common Equity Tier 1 ratio under the full Basel 3 criteria improved significantly to 12.0%. All of these tangible, measurable successes show and reaffirm that we are on the right path with our strategic focus.

Contents

Basis of the Commerzbank Group

Structure and organisation

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

At Commerzbank, business activities are divided into the four operating segments of Private Customers, Mittelstandsbank, Corporates & Markets and Central & Eastern Europe. Through these segments, Commerzbank offers its private and corporate customers and its institutional investors a comprehensive portfolio of banking and capital market services. The Bank has merged all activities in commercial real estate and ship financing, in addition to public finance business, into the Non-Core Assets (NCA) run-off segment. The four operating segments are each overseen by a member of the Board of Managing Directors; responsibility for the Group divisions within NCA is divided between two Board members.

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

On the domestic market, Commerzbank Aktiengesellschaft is headquartered in Frankfurt am Main, from where it manages a nationwide branch network through which all customer groups are served. Its major German subsidiaries are comdirect bank AG, Commerz Real AG and Hypothekenbank Frankfurt AG. Outside Germany, the Bank has 6 material subsidiaries, 23 operational foreign branches and 37 representative offices in more than 50 countries and is represented in all major financial centres, such as London, New York, Tokyo, Hong Kong and Singapore. However, the focus of the Bank's international activities is on Europe.

Commerzbank prepares Group financial statements which, in addition to Commerzbank Aktiengesellschaft as operating lead company, incorporate all material subsidiaries in which the Bank holds more than 50% of the voting rights or over which it exercises control in another manner. The financial year is the calendar year.

Objectives and strategy

Commerzbank combines modern banking with traditional values such as fairness, trust and competence. Our claim is to offer our private and corporate customers the banking and capital market services they need. We support our customers as a business partner in all markets across the world. Our business is always based on dealing fairly and competently with customers, investors and employees. "The bank at your side" – everything Commerzbank does is measured against this promise.

Our strategic focus continues to be driven by the Strategic Agenda 2016, which determines the direction and goals of the Commerzbank Group. Commerzbank has defined the four key areas of its strategic focus as follows: focused growth, adjustment of the cost base, optimisation of the capital base and an increasingly strong emphasis on compliance with laws and company-specific guidelines.

The demands placed on modern, sustainable banking business have changed markedly in the past few years. Our customers expect digital financial offerings and individual, tailored products – any time, anywhere. We are rising to these challenges with the strategic initiatives we have launched and those we have already successfully implemented. These investments, along with new regulatory requirements, are leading to additional costs. By taking efficiency measures such as operating cost reduction, sourcing, excellence and active real estate management, we aim to offset the cost increases arising from the investments and from rises in input prices. The ongoing review of internal processes, structures and technical platforms is therefore not a one-off project but a long-term task that will continue to occupy us over the coming years. Its aim is to make our organisation leaner, more efficient and even more customer-focused.

In 2015 we increased the Common Equity Tier 1 ratio under full application of Basel 3 by 270 basis points to 12%. We are therefore at a good level compared with our competitors and believe we have a sufficient capital cushion in the current regulatory environment.

In autumn 2015, the Board of Managing Directors put forward an updated version of the binding Code of Conduct. This sets out a framework for proper and ethically irreproachable behaviour in daily work, and makes clear what Commerzbank and its Board of Managing Directors expect from all of the Group's employees: that they not only comply with laws, regulations and internal guidelines but also stay within our guiding principles, the ComValues. Integrity is especially important.

It is only by acting with integrity that we can create a foundation for the trust our customers and business partners place in us. This trust is our most important capital.

Another objective of Strategy 2016 was to increase income. However, the operating environment in this respect has changed markedly, with low or negative interest rates having a strong adverse effect on deposits and, in turn, on the earnings situation of all banks. Commerzbank is no exception, given its significant deposit surplus. This means that growth potential needs to be realised or other mitigating measures need to be taken just to keep income at a stable level. We will therefore continue to systematically pursue our strategy and aim to further increase our market share in the Core Bank segments.

The initiatives in the individual segments are key to achieving the strategic objectives:

We have a clearly defined strategy in private customer business: to develop from a branch bank into a multi-channel bank. Whereas our focus in previous years was on winning back trust that had been lost from our customers and on modernising the Private Customers segment, in the next few years our aim is to grow in the market with new customers. What is more, we want to be the first choice of our existing customers for all banking business, and to ensure that our offering is clearly aimed at meeting customers' requirements. The online and mobile banking trend continues unchanged and is altering customer behaviour. We have therefore set ourselves the objective of turning our digital banking into a pillar of equal significance to, and connected with, our branches. With state-of-the-art digital banking geared towards customer requirements, in conjunction with our branch strategy, we will become a multi-channel bank.

In the Mittelstandsbank segment, we want to continue our successful business model and become the leading bank for SMEs in the heart of Europe. High customer satisfaction is an integral part of our strategy. As a national and international strategic partner to the Mittelstand, we stand for business partnerships, customer understanding, reliability and market and industry expertise. In order to achieve our long-term objectives, we will further enhance the quality of our advice, solutions and services, for instance by increasing our product and advisory expertise along our customers' value chains. In addition, we are expanding our international presence and opening up new markets, while at the same time continually examining possibilities for strategic focusing. We will also ramp up our digital offering for corporate customers. We are modernising our IT-platforms for cash management and foreign trade business and are continuing to develop our current advisory services into an integrated multichannel offering with the advisor at the centre.

In the Central & Eastern Europe segment, Commerzbank has one of the most modern direct banks in the industry in the shape of mBank, which will continue its strategy of concentrating on improving potential earnings and profitability and extending strategic competitive advantages. In addition, mBank intends to continue focusing on growth in mobile and transaction banking in the future. It will do so in a way that reflects the increasingly complex requirements of private customers. The One Network project to reorganise the branch network will continue to be implemented with the opening of new advisory centres and "light branches". In Corporate Banking, mBank will also continue its efforts to strengthen its position among corporates that offer high cross-selling potential. The Bank will also expand its position in the SME segment.

The Corporates & Markets segment plans to further consolidate its market position in individual Group divisions. The implementation of the new centre of competence model introduced in 2015, which bundles together the segment's product and market expertise at the different locations, is due to be completed in 2016. In addition, organisational changes will be made in order to bolster Commerzbank's traditional strengths in capital market financing, and both large German corporates and European multinationals will receive more comprehensive support following a sector-specific approach. Implementation of the five-year initiative, launched in 2015, to review and optimise the IT platforms, operational processes and organisation in line with the capabilities of the product and business areas begins in 2016. The aim is to increase the flexibility and efficiency of the systems and processes used, thus further reinforcing the market position and customer perception.

The planned reduction of the Group divisions bundled together in Non-Core Assets (NCA), namely Public Finance, Commercial Real Estate and Deutsche Schiffsbank, was continued during the year with sales of commercial real estate and ship financing portfolios. As at the end of 2015 we had thus already met our aim of reducing the combined total of commercial real estate and ship financing assets to below €20bn by the end of 2016. During the first quarter of 2016, Commerzbank intends to transfer a large part of the remaining assets to the Private Customers and Mittelstandsbank segments and to Group Treasury as part of the Others and Consolidation division. The criteria for the transfer of assets are good credit quality, low volatility of income and a positive contribution to the Bank's liquidity portfolio. The new Asset & Capital Recovery Unit (ACR) segment is to essentially retain complex sub-portfolios with long maturities and with volumes of less than €20bn (EaD including NPLs).

Information on the measures implemented this year in the segments can be found under Segment performance on pages 71 ff.

Corporate management

Corporate management in the Commerzbank Group is based on a value-oriented control concept. This concept is based on ensuring that the risks entered into by the business units are in line with the external and internal guidelines on risk-bearing capacity and on aiming to achieve an appropriate return over the long term on the capital employed. In this respect, the Bank regularly monitors the allocation of scarce resources to business units and actively adapts its business strategy to changing market circumstances in order to boost the enterprise value over the long term.

The annual planning process is a key corporate management tool. In this process, the Board of Managing Directors sets targets for the business units based on the business strategy. Existing resources such as capital and risk limits are allocated to the segments in a way that reflects the targets and risk profiles. The segments put the plan into operation based on the business strategy and the results of the planning process. The Board of Managing Directors carries out regular checks to ensure that business planning is being followed. This ensures any deviations are identified at an early stage through monthly management reporting and countermeasures taken. The management of the Bank takes account of both pillars of capital adequacy regulations. To ensure internal risk-bearing capacity at all times, planning includes allocating economic capital to the segments broken down by type of risk. Regulatory capital as per the provisions of the Capital Requirements Regulation (CRR) is used as the basis for calculating the capital employed in the segments.

In addition to compliance with the capital requirements currently in place (under phase-in rules), the capital markets are already focusing on the full application of the CRR from 2018. The Common Equity Tier 1 ratio (fully phased-in) is therefore a key indicator for the Bank in capital management. The key figures used for measuring success in the corporate management process are operating profit/loss and group profit/loss after tax and non-controlling interests, along with the cost/income and return on equity ratios and the economic value added calculated from these ratios. The cost/income ratio is used to assess cost efficiency and is defined as the ratio of operating expenses to income before loan loss provisions. Segment return on equity is calculated as the ratio of operating profit/loss or pre-tax profit/loss to the average amount of regulatory capital employed. It shows the return on the equity invested in a given business segment. As is standard for value-based management concepts, the target minimum return on capital employed is derived from the expected return on the capital market.

Economic value added is the indicator used for determining the performance of the Group. It is defined as the difference between the Group's return on equity and the capital cost rate, multiplied by the Group's equity. The Group's return on equity is the ratio of the consolidated surplus after tax and non-controlling interests to average Group equity. The capital cost rate represents our shareholders' expectations for the minimum return on their capital employed and is reviewed on an annual basis. The calculation of the cost of capital rate is based on the capital market-oriented Capital Asset Pricing Model (CAPM). Commerzbank currently calculates its post-tax capital market rate to be 8%.

As Group figures, the controlling data listed above form part of a system of other segment-specific data that varies from segment to segment depending on the business strategy.

Remuneration Report

The Remuneration Report is part of the Corporate Governance Report in the Corporate Responsibility section. It forms part of the Group Management Report.

Details pursuant to Art. 315 (4) of the German Commercial Code (HGB) and explanatory report

Details pursuant to Art. 315 (4) of the German Commercial Code and explanatory report can be found in the Corporate Responsibility section. They form part of the Group Management Report.

Details pursuant to Art. 315 (2) no. 5 of the German Commercial Code (HGB)

Details pursuant to Art. 315 (2) no. 5 of the German Commercial Code (HGB) can be found in the Corporate Responsibility section. They form part of the Group Management Report.

Important staffing and business policy events

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

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

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

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

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

Commerzbank increases share capital by just under 114 million shares

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

Annual General Meeting elects new members of the Supervisory Board

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

Commerzbank sells two commercial real estate financing portfolios

Commerzbank concluded agreements with investors at the beginning of July 2015 for the sale of two commercial real estate (CRE) portfolios. A European portfolio with a nominal volume of €2.2bn was sold to a consortium of J.P. Morgan and Lone Star, while a German portfolio with a nominal volume of around €0.7bn was sold to the investor Oaktree. The parties have agreed to maintain confidentiality about all other details of the contracts.

The German commercial real estate finance portfolio sold consisted mainly of non-performing loans. The European portfolio covered Austria, Belgium, Cyprus, the Czech Republic, Denmark, Finland, Hungary, Luxembourg, the Netherlands, Romania, Slovakia, Sweden, Switzerland and Turkey. It included both problem loans and performing loans. The sales have greatly reduced the complexity of the NCA CRE portfolio.

Commerzbank sells ship restructuring platform

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

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

Changes on the Board of Managing Directors of Commerzbank

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

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

Commerzbank sells international wealth management activities in Luxembourg

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

Economic report

Economic conditions

Economic environment

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

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

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

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

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

Sector environment

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

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

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

Earnings performance, assets and financial position

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

The Commerzbank Group's operating profit for 2015 came to €1,909m, representing a significant increase of €1.2bn compared with the previous year, which had been adversely affected by provisions for litigation and recourse risks. Consolidated profit attributable to Commerzbank shareholders for the period under review came to €1,062m.

Total assets as at 31 December 2015 were €532.6bn, 4.6% below the figure for year-end 2014. The reduction in assets is reflected both in claims on banks and customers and in trading assets and financial investments.

The decrease in risk-weighted assets to €198.2bn was mainly attributable to reductions in credit and market price risks, particularly in connection with the significant reduction of the credit portfolio in the Non-Core Assets segment.

The Common Equity Tier 1 ratio with full application of Basel 3 rose to 12.0% at end-December 2015.

In the fourth quarter of 2015, Commerzbank Aktiengesellschaft successfully rolled out the Group Finance Architecture (GFA) programme to restructure the process and system architecture of the finance function. This led to retroactive adjustments to earnings. Prior-year figures were adjusted accordingly to ensure comparability. Detailed explanations about the changes are given in the notes to the Group financial statements on page 161 ff.

Income statement of the Commerzbank Group

The individual items in the income statement were as follows in 2015:

Net interest and trading income rose by 5.5% year-on-year to €6,278m overall. During the reporting period, net interest income rose by €422m year-on-year to €5,779m, while net trading income and net income from hedge accounting decreased by €97m to €499m. While lending volumes in both Private Customers and Mittelstandsbank increased in the year under review, with the interest contribution rising as a result, net interest income from deposit business in both segments was furthermore affected by the low level of market interest rates. Net interest income for the Private Customers segment includes a special dividend from EURO Kartensysteme GmbH. In the Central & Eastern Europe segment, net interest income was down year-on-year. The reduction of the National Bank of Poland's reference interest rate by a total of 100 basis points in October 2014 and March 2015 was not fully offset by growth in lending and deposit volumes in the business of both private and corporate customers. The Corporates & Markets segment reported net interest income and net trading income in line with the previous year's level. The segment profited from demand for investment solutions in the equity derivatives area as well as for commodity and currency hedging, while customer-related trading in bonds and interest rate derivatives was down year-on-year. The sharp rise in net interest income in Non-Core Assets was due in part to charges in connection with portfolio sales in the previous year.

In addition, the decline in interest income resulting from the portfolio reduction was more than offset this year by substantial additional income from measures to restructure funding.

Net interest and trading income for the period includes negative overall measurement effects of €–11m from both counterparty risks and the measurement of own liabilities, compared with €81m the previous year. Further information on the composition of net interest and trading income is given in the notes to the Group financial statements on pages 188 and 191.

Net commission income rose by 5.0% year-on-year to €3,424m. This was largely due to the dynamic performance of the equity markets – particularly in the first half of 2015 – which in the Private Customers segment was reflected in a rise in volume-based commission income. Net commission income in the Mittelstandsbank segment was stable. While income from documentary and corporate finance business in particular was down year-on-year, strong growth in income from our customers' currency hedging transactions (and payment transactions) was recorded. The Central & Eastern Europe segment was able to maintain stable net commission income despite the reduction in fees in card business in Poland to comply with regulatory requirements. By contrast, net commission income in Non-Core Assets was down year-on-year in line with the cessation of new business.

Table 7

Statement of comprehensive income I €m	2015	2014[1]	Change
Net interest income	5,779	5,357	422
Loan loss provisions	–696	–1,144	448
Net commission income	3,424	3,260	164
Net trading income and net income from hedge accounting	499	596	–97
Net investment income, income from at-equity investments and other net income	60	–451	511
Operating expenses	7,157	6,929	228
Operating profit/loss	**1,909**	**689**	**1,220**
Restructuring expenses	114	61	53
Pre-tax profit/loss	1,795	628	1,167
Taxes on income	618	256	362
Consolidated profit/loss	**1,177**	**372**	**805**
Consolidated profit/loss attributable to Commerzbank shareholders	1,062	266	796

[1] Figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

Net investment income in the year under review was €–7m, compared with €82m the previous year. The decrease of €89m stemmed chiefly from write-downs on HETA Asset Resolution AG.

Other net income in 2015 came to €–15m, compared with €–577m the previous year. The charges in 2014 resulted primarily from provisions in respect of legal and litigation risks.

The net allocation to loan loss provisions fell by 39.2% year-on-year to €–696m. This decline was due to a lower need for risk provisions in the Private Customers, Mittelstandsbank and Central & Eastern Europe segments. The loan loss provisioning requirement also fell in the Non-Core Assets segment.

While provisions for commercial real estate financing fell slightly compared with the prior-year period, loan loss provisions for ship financing were almost halved. The Corporates & Markets segment once again reported a net reversal for the period.

Operating expenses in the period under review were €7,157m, an increase of 3.3% on the prior-year figure. While personnel expenses, at €3,900m, were only slightly above the prior-year level, other operating expenses including depreciation on fixed assets and amortisation of other intangible assets rose by 5.5% to €3,257m. The increase of €171m was chiefly due to increased regulatory costs – in particular the first-time reporting of the European bank levy in the amount of €119m – and to a rise in advisory and project costs.

As a result of the developments described above, the Commerzbank Group posted an operating profit of €1,909m in the first half of the current year, compared with €689m the previous year.

Restructuring expenses of €114m impacted on profit in the period under review. These expenses related mainly to the bundling of product and market expertise in Corporates & Markets and to the optimisation of internal processes.

Pre-tax profit came to €1,795m, compared with €628m in 2014. Tax expense for the reporting period was €618m, compared with €256m the previous year. The increase in tax expense resulted partly from the rise in pre-tax profit. It was also attributable to the remeasurement of deferred tax assets in 2015 as a result of the limit imposed by the UK government on the amount of tax loss carryforwards that can be offset annually against future profits, and a tax expense as a result of the incorporation of the 2016 to 2019 multi-year planning.

Profit after tax for 2015 was €1,177m, compared with €372m the previous year. Net of non-controlling interests of €115m, €1,062m was attributable to Commerzbank shareholders, up from €266m the previous year.

Based on the reported results of Commerzbank Aktiengesellschaft for financial year 2015 in accordance with the German Commercial Code (HGB), the plan is to service all profit-sharing certificates issued by Commerzbank Aktiengesellschaft for financial year 2015; we will put a proposal before the AGM to distribute a dividend of €0.20.

The statement of comprehensive income, which includes both consolidated profit/loss and other comprehensive income for the period, showed a net total of €2,012m in 2015. Other comprehensive income of €835m consists of the sum of changes in the revaluation reserve (€433m), the cash flow hedge reserve (€87m), the currency translation reserve (€162m), the value of companies accounted for using the equity method (€8m) and actuarial gains and losses (€212m), along with the change from assets and disposal groups held for sale (€–67m).

Operating profit per share came to €1.58 and earnings per share to €0.88. In the prior-year period, the comparable figures were €0.61 and €0.23 respectively.

Balance sheet of the Commerzbank Group

Total assets of the Commerzbank Group as at 31 December 2015 were €532.6bn. This was a fall of 4.6% or €25.7bn compared with the adjusted figure as at end-2014. The reduction in assets is reflected both in claims on banks and customers and in trading assets and financial investments.

As at the reporting date the cash reserve had risen sharply, by €23.6bn to €28.5bn. The significant increase compared with year-end 2014 was attributable in particular to the investment of available liquidity with central banks because of less attractive reverse repo terms.

Claims on banks were €71.8bn, down €8.5bn compared with year-end 2014. Claims due on demand fell by €5.7bn, and other claims were down by €2.8bn. This included a €4.4bn fall in claims from secured money market transactions.

Claims on customers were 6.2% below the previous year's level at €218.9bn. The volume decline was mainly driven by an €8.0bn fall in secured money market transactions in the form of reverse repos and cash collaterals, and by lower mortgage business, attributable to maturities and portfolio sales.

As at the reporting date, total lending to customers and banks stood at €230.4bn, down 4.5% on year-end 2014. While loans to banks fell by €2.6bn to€22.6bn, customer lending business was slightly below the year-end 2014 level, down 3.8% to €207.8bn. The increase in the volume of lending in the core segments was outstripped by the reduction in non-strategic business in the NCA segment.

As at the reporting date, trading assets totalled €114.7bn, a fall of 12.0% compared with year-end 2014. While holdings of equities, other equity-related securities and investment fund units increased by €1.5bn due to the positive market environment for equity products and associated high customer demand in 2015, positive fair values of financial derivatives, in particular interest-rate-related derivative transactions, decreased by €12.6bn compared with the year-end 2014 level.

Financial investments declined by 9.3% over the year to €81.9bn. Bonds, notes and other interest-rate-related securities were down by €8.3bn to €80.8bn, while equities and other equity-related securities and participations were unchanged at €1.0bn.

Table 8

Assets I €m	31.12.2015	31.12.2014[1]	Change in %
Claims on banks	71,810	80,314	–10.6
Claims on customers	218,875	233,377	–6.2
Trading assets	114,684	130,343	–12.0
Financial investments	81,939	90,358	–9.3
Other assets	45,333	23,925	89.5
Total	**532,641**	**558,317**	**–4.6**

Liabilities and equity I €m	31.12.2015	31.12.2014[1]	Change in %
Liabilities to banks	83,154	99,845	–16.7
Liabilities to customers	257,615	249,280	3.3
Securitised liabilities	40,605	48,811	–16.8
Trading liabilities	86,443	97,163	–11.0
Other liabilities	34,417	36,185	–4.9
Equity	30,407	27,033	12.5
Total	**532,641**	**558,317**	**–4.6**

[1] Figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

On the liabilities side, liabilities to banks – especially repos and cash collaterals – fell sharply by €16.7bn to €83.2bn. Around two-thirds of the decrease in volume related to German bank liabilities.

Liabilities to customers rose 3.3% to €257.6bn year-on-year. While repos and cash collaterals fell €11.7bn, liabilities from money market transactions and other liabilities rose by €20.1bn.

Securitised liabilities were €8.2bn lower year-on-year at €40.6bn, with bonds and notes issued falling €10.0bn to €35.6bn. This was due to a decline of €7.0bn in the combined total for mortgage and public-sector Pfandbriefe, mainly as a result of maturities at Hypothekenbank Frankfurt AG, and to a reduction of €3.0bn in the volume of other bonds.

Trading liabilities decreased in volume by €10.7bn overall to €86.4bn. This was mainly due to the decline in interest-rate-related derivatives transactions, partly offset by an increase in short sales of bonds and equities.

Off-balance-sheet liabilities rose overall year-on-year, with contingent liabilities unchanged year-on-year at €37.2bn and irrevocable lending commitments up €12.2bn to €72.2bn.

Capital and reserves

The equity capital (before non-controlling interests) reported in the balance sheet as at 31 December 2015 was €29.4bn, €3.3bn above the figure for year-end 2014. The capital reserve increased by €1.3bn compared with year-end 2014 due to the capital increase carried out in the spring. As at the reporting date, it stood at €17.2bn. Subscribed capital rose slightly, by €0.1bn to €1.3bn.

Retained earnings were up €1.3bn on the end-2014 level, standing at €11.7bn. As at the reporting date, the revaluation reserve stood at €–0.6bn. This was an improvement of around €0.4bn compared with the end of 2014 and was attributable in particular to a rise in the fair values of Italian government bonds. Together with the negative cash flow hedge reserves and the currency translation reserves, this amounted to a deduction of €–0.8bn from equity compared with €–1.4bn at year-end 2014.

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

Regulatory Tier 1 capital rose by around €2.2bn to €27.3bn compared with year-end 2014, chiefly as a result of the capital increase at the end of April. In conjunction with the significantly reduced level of risk-weighted assets, the Tier 1 ratio rose to 13.8%. Common Equity Tier 1 capital came to €27.3bn. Under Basel 3 phase-in rules, this is identical to Tier 1 capital. The total capital ratio was 16.5% as at the reporting date.

The Common Equity Tier 1 ratio (on a fully phased-in basis, i.e. on the basis of fully implemented Basel 3 regulations according to our interpretation) stood at 12.0% as at the reporting date. As at the reporting date, the leverage ratio based on the CRD IV/CRR rules applicable on that date (delegated act), which compares Tier 1 capital with leverage exposure, was 5.1% (phase-in) or 4.5% (fully phased-in).

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

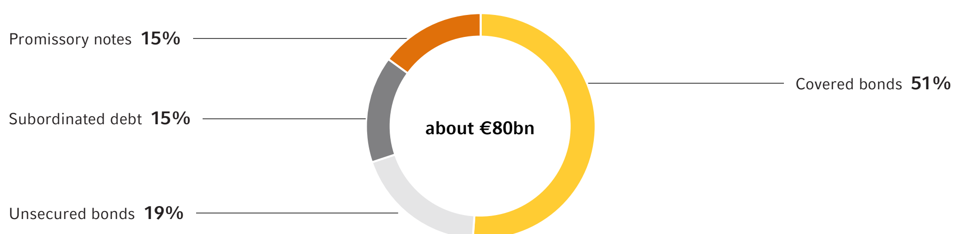
Funding and liquidity of the Commerzbank Group

The liquidity management of the Commerzbank Group is the responsibility of Group Treasury, which is represented in all major Group locations in Germany and abroad and has reporting lines in all subsidiaries. Liquidity management comprises both operational and strategic components. Operational liquidity management encompasses management of daily payment inflows and outflows, planning for payment flows expected in the short term and management of access to central banks. The division is also responsible for access to unsecured and secured sources of funding in the money and capital markets and the management of the liquidity reserve portfolio. Strategic liquidity management involves managing maturity profiles for liquidity-relevant assets and liabilities within specified limits and corridors. Additional information on this subject can be found in the "Liquidity risk" section of the Group Management Report.

Guidelines for the funding profile and funds are derived from the business strategy and reflect risk tolerance. The Group's funding is appropriately diversified in terms of investor groups, regions, products and currencies. Top-level decisions about liquidity management are taken by the central Asset Liability Committee (ALCO), which meets at regular intervals. The quantification and limitation of liquidity risks is carried out via an internal model in which expected cash inflows are compared against expected cash outflows. The limits set are monitored by the independent risk function. ALCO and the Board of Managing Directors receive regular reports on the liquidity risk situation.

Figure 3

Capital market funding structure[1]
As at 31 December 2015



[1] Based on reported figures

Commerzbank had unrestricted access to the money and capital markets throughout the reporting period, and its liquidity and solvency were also adequate at all times. It was always able to raise the resources required for a balanced funding mix and continued to enjoy a comfortable liquidity position in the period under review. The Commerzbank Group raised a total of €6.7bn in long-term funding on the capital market in 2015.

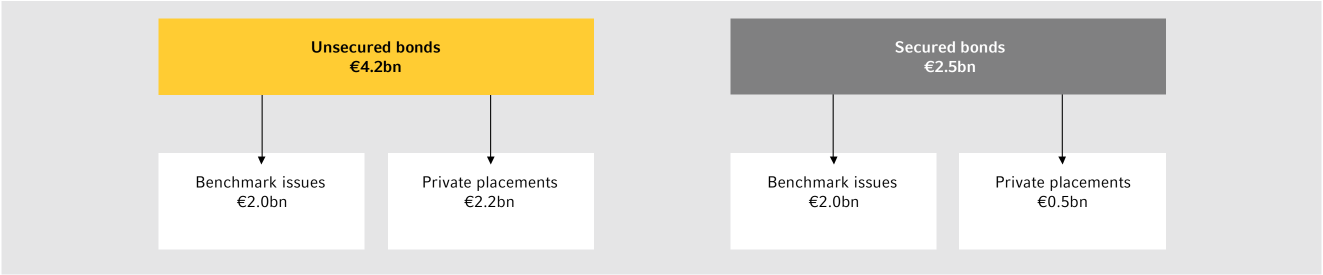
In the collateralised area, Commerzbank Aktiengesellschaft issued three benchmark bonds in 2015. A mortgage Pfandbrief in the form of a benchmark bond with a volume of €500m and a seven-year term was placed in January. This issue was topped up by a further €500m at the end of March, to €1bn. A five-year and a ten-year mortgage Pfandbrief, each with a volume of €500m, were then issued in the third quarter.

In addition, €150m of mortgage Pfandbriefe were issued in the form of private placements. The mortgage Pfandbriefe are secured by Commerzbank private residential mortgage loans in Germany. The Polish subsidiary mBank also issued private placements with a volume of €360m.

Three unsecured benchmark bonds were also issued. In March, a three-year benchmark bond with a volume of €750m was issued. It was topped up by a further €250m in April. In September and December, two additional benchmark bonds were issued, both with a volume of €500m and with maturities of 7 and 3.25 years respectively. A further €2.2bn was raised through private placements. The issues had an average term of around six years. Funding spreads remain at a low level.

Figure 4

Group capital market funding of 2015
Volume €6.7bn



Based on its internal liquidity model, which uses conservative assumptions, as at the end of the year the Bank had available excess liquidity of €82.4bn. Of this amount, €44.4bn was held in a separate liquidity reserve portfolio managed by Group Treasury to cover liquidity outflows should a stress event occur and to ensure solvency at all times. The Bank also holds an intraday liquidity reserve portfolio which totalled €9.7bn as at the reporting date.

The regulatory liquidity requirements of the German Liquidity Regulation were met at all times in the reporting period. As at the reporting date, Commerzbank Aktiengesellschaft's key liquidity ratio calculated using the German Liquidity Regulation's standard approach was 1.55, again significantly higher than the minimum regulatory requirement of 1.00. Commerzbank's liquidity situation therefore remains comfortable given its conservative and forward-looking funding strategy. The Bank is not currently drawing on central bank liquidity facilities.

Summary of 2015 business position

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

In this challenging environment, we achieved much in 2015: for the third year in a row, we succeeded in increasing our consolidated profit. With a return on equity of consolidated profit of just under 4%, we have improved significantly on the previous years and are thus continuing our positive trend. In the Core Bank we achieved a return on equity of 8.3% assuming that the Group's tax rate was the average of the last three years. This was despite the fact that the very low to negative interest rate environment had a severe adverse impact on deposit spreads and in turn our net interest income, while the bank levy and regulatory requirements led to additional costs. This shows that, with our strategic focus, we are on track to achieve a sustainably higher level of profitability in the years ahead. At the same time, we reduced the risks within the Group substantially in 2015. We were able to reduce the volume of ship financing assets to well below €10bn. By the end of 2015 we had thus already met our aim of reducing the combined total of commercial real estate and ship financing assets to below €20bn by the end of 2016.

Overall, the operating business performed well in 2015. In our customer-facing segments we achieved further growth, won market share, expanded our customer base and further improved customer satisfaction. Our earnings performance in the core segments in 2015 was largely in line with our forecasts or, as in the Private Customers segment, significantly in excess of them.

The Private Customers segment had an extremely successful 2015: the changes to the customer relationship management model with the addition of new service and advisory offerings met with good acceptance, and customer satisfaction once again hit record levels, while the growth in customers, accounts and assets continued. This performance was reflected in both a significant, higher-than-expected rise in operating profit and in a marked improvement in operating return on equity, along with a substantially lower cost/income ratio.

In Mittelstandsbank, the interest contribution from lending rose again thanks to the segment's strong market position. However, this positive effect was wiped out by the negative impact on the deposit side resulting from the unfavourable level of market interest rates. This, together with increased costs and a write-down on a shareholding, led – despite lower loan loss provisions – to a decline in operating profit and in the corresponding profitability metrics, which therefore missed our expectations.

In the Central & Eastern Europe segment, mBank continued its dynamic growth in the year under review with a steady stream of innovative products and technical solutions. A host of new or updated online products were introduced along with processes to support sales. Given the significantly increased expenses relating to regulatory requirements, operating profit was down slightly year-on-year, as expected. The rise in costs, together with higher capital employed, led to a fall in profitability ratios as forecast.

The performance of the Corporates & Markets segment in 2015 was driven by a market environment of persistently low interest rates and bouts of high volatility. Overall the segment profited from its diversified set-up and from prudent resourced management. A downturn in business in certain product areas was offset to some extent by pick-ups in other business areas. While income before loan loss provisions was stable as expected, increased expenses led to a significant fall in operating profit and to a corresponding fall in the return on equity, along with a slight rise in the cost/income ratio.

In the Non-Core Assets segment we made further progress in 2015 in winding down the portfolio. As expected, the segment still recorded an operating loss, but a much smaller one than in the previous year.

In a very challenging market environment, we were able at Group level to increase income before loan loss provisions by 11.4% to €9.8bn and to raise operating profit from €689m the previous year to €1,909m. Given the continuing economic stability in Germany and a significantly reduced need for provisions in the Non-Core Assets run-off segment, loan loss provisions contrary to our expectations decreased to €0.7bn. Against the backdrop of additional investments in growth and an increased regulatory burden, operating expenses were higher than we forecast, standing at €7.2bn.

Overall, the forecasts that we made in the Annual Report 2014 proved accurate in 2015. Consolidated profit both before and after tax was up significantly year-on-year, while expectations were also met regarding operating return on equity, which was up 4 percentage points to 6.5%, and the cost/income ratio, which was down by almost 6 percentage points to 73.3%.

The Core Bank, which includes Commerzbank's strategically significant customer-facing business, posted an operating profit of €2.3bn in 2015, from €1.5bn in the previous year. The operating return on equity in the Core Bank was 10.5% (2014: 7.8%), while the cost/income ratio was 72.2% (2014: 76.9%). As a result, the operating profitability metrics in the Core Bank improved as expected.

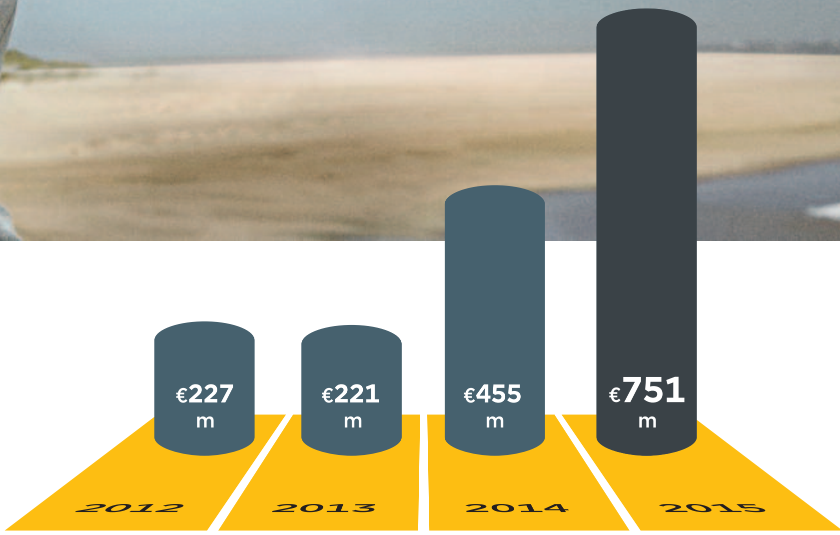
Commerzbank further built on its comfortable equity position in 2015. Common Equity Tier 1 under full Basel 3 rose year-on-year to €23.7bn. The Common Equity Tier 1 (CET1) ratio under full Basel 3 rose to 12.0%, compared with 9.3% as at end-December 2014.

Consolidated profit attributable to Commerzbank shareholders improved significantly to €1,062m, up from €266m the previous year. Profitability was therefore fully in line with what we had predicted for 2015.

Commerzbank's growth offensive continues to build on its success in 2015

>60%
highly satisfied customers

Customer satisfaction is higher than ever before. The percentage of customers who were not just satisfied, but highly satisfied, was more than 60%. This shows that our customers trust in "the bank at your side".



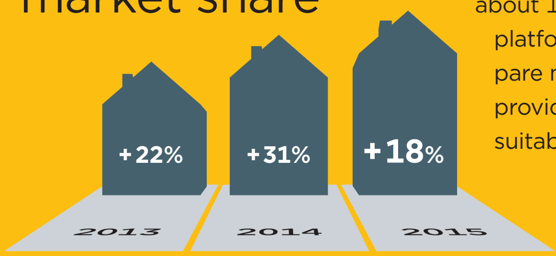
Operating profit, 2012–2015 (in € m)

+65%
Sharp uplift in operating profit

Commerzbank's private banking business has been constantly evolving in recent years. It is very different today to what it was in 2011. The segment is growing in a challenging market environment and has significantly improved its operating profit over recent years.

10%
market share

New business in real estate financing was up once again in 2015. Commerzbank currently has a market share of about 10%. Through the CobaHyp platform, customers can compare more than 250 mortgage providers and select the most suitable financing offer.



Increase in new business in real estate financing 2013–2015 (in % vs. previous year)

Portfolio income in securities business
65%
Portfolio income is growing. It accounted for more than 65% of total income from securities business in 2015.

2014 = 2015
Operating expenses on a par with last year, despite high investments

Prizes and awards in 2015

Focus-Money
CityContest: Overall winner
"Best private customer advice"

Focus-Money
CityContest: Overall winner
"Best corporate customer advice"

Euro
Bank test: No. 1
"Best branch bank"

Segment performance

Private Customers

The Private Customers segment comprises the Private Clients, Direct Banking and Commerz Real Group divisions.

With a customer base of just under 12 million, Commerzbank is one of Germany's leading banks for private customer business.

Performance

Table 9

€m	2015	2014[1]	Change in %/%-points
Income before provisions	3,718	3,453	7.7
Loan loss provisions	–14	–79	–82.3
Operating expenses	2,953	2,919	1.2
Operating profit/loss	**751**	**455**	**65.1**
Capital employed	3,999	4,241	–5.7
Operating return on equity (%)	18.8	10.7	8.1
Cost/income ratio in operating business (%)	79.4	84.5	–5.1

[1] Figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

In the Private Customers segment, the extremely strong earnings performance continued in the fourth quarter of 2015, with both income before loan loss provisions and operating profit growing year-on-year in every quarter of 2015. In a persistently tough market environment, with continually falling interest rates in particular, the segment achieved significant successes in the strategically important areas of quality, growth and profitability.

The acquisition of around 287,000 net new customers in 2015 clearly demonstrates that the strategic realignment of the business model in the Private Customers Group division is paying off. Since the private customers strategy was launched at the end of 2012, the segment has won around 820,000 net new customers. In the Private Customers Group division, which includes the domestic branch business, the advertising campaigns on the Customer Compass and the Commerzbank instalment loan in particular generated a large amount of interest and contributed to customer growth. In addition, customer satisfaction remained at a consistently high level during the whole of 2015. Operating profit climbed €296m to €751m year-on-year, an increase of 65.1%.

Income before loan loss provisions increased significantly by €265m to €3,718m in the period under review. Net interest income continued to be negatively affected by the low interest rate environment throughout 2015.

The fall in interest income from deposit business was offset by increased income from lending business, with the volume of new construction finance business continuing to grow year-on-year, up by around 18%. In addition, net interest income includes a special dividend from EURO Kartensysteme GmbH, which was recognised in the third quarter. Net interest income therefore increased by €33m to €1,876m.

The strong stock market performance in the first half of 2015 was brought to an abrupt halt in the third quarter by concerns about the Chinese economy and a resultant slowdown in global markets. Transaction-related income fell accordingly, but volume-related income from mandate business such as premium custody accounts, asset management and portfolio management were less exposed to market volatility and had a positive effect on overall income. Another positive earnings effect was provided by business with instalment loans, which came through the holding in Commerz Finanz GmbH. Net commission income increased by €179m to €1,771m.

Loan loss provisions for private customer business were €–14m, a significant drop of 82.3% compared with the prior-year period.

Operating expenses were €2,953m. This year's figure for the first time includes expenses for the European bank levy, which stood at €12m. Taking this effect into account, operating expenses remained close to the 2014 level.

Pre-tax profit in the Private Customers segment increased by 65.1% overall in 2015 to €751m, compared with €455m in the previous year.

The operating return on equity based on average capital employed of €4.0bn was 18.8% (previous year: 10.7%). The operating return on tangible equity was 27.4%, up from 15.4% the previous year. The cost/income ratio was 79.4%, compared with 84.5% in 2014.

Main developments in 2015

The Private Customers segment had an extremely successful 2015: in addition to the strong increase in earnings, customer satisfaction once again hit record levels, while growth in customers, accounts and assets continued. For instance, around 287,000 net new customers were won, with the branch network attracting 189,000 of them. The segment thus took another significant step further towards its goal of one million new customers by the end of 2016.

Private Clients

The Private Clients Group division covers Commerzbank's branch business in Germany for retail, business and wealth management customers.

Successes on quality, growth and profitability

The private cients strategy continued to be developed consistently in the year under review. The Performance Plus implementation programme translated the strategically relevant areas of activity into firm measures to boost earnings, and successfully so: with the Group division making excellent progress on the core objectives of quality, growth and profitability.

Customer satisfaction remained at a constantly high level during the whole of 2015. This is according to the net promoter score, which measures customers' willingness to recommend the Bank. The survey findings enable us to meet the needs and expectations of our customers even better and to maintain or even increase the high level of customer satisfaction.

The excellent quality of advice was once again confirmed by external testers: for the third time running, Commerzbank won the nationwide City Contest run by Focus Money, including in the new "corporate customers" section of the test.

2015 was a year of growth. New customer gains were helped, for instance, by the marketing campaign around the Women's Football World Cup, which focused on the free current account with a satisfaction guarantee: a total of over 425,000 new payment transaction accounts were opened across the branch network in 2015. Customers with a current account and online banking access can now use Paydirekt, the new, secure payment system used by German banks for online purchases. Meanwhile, a new campaign was launched in the autumn focusing on the Customer Compass and instalment loans. This enabled the strong growth in lending business to be driven forward. The volume of new business in consumer lending grew once again, this time by almost 30%, with new retail mortgage financing business up nearly 20% even after the tremendous growth already recorded in recent years.

In the private retirement savings product segment, the volume of new business was up on the previous year's very strong result, which had been underpinned by the lowering of the guaranteed interest rate. In regular-premium business, the Bank achieved growth of 35% year-on-year across all relevant life insurance products. In the area of home purchase savings, new business was up by 7% year-on-year.

For investors, 2015 was a particular challenge from a returns point of view. Deposit business is becoming increasingly unattractive given the low level of interest rates, making for even greater interest in securities products. Customers of Commerzbank can choose from four different custody account models. The trend towards flat-fee models continued in 2015. Consequently, the volume of deposits in premium custody accounts rose by 80% to €12bn. Good volume growth rates were also recorded in mandate business: portfolio management products were up 24% to €21bn, while asset management products rose 19% to €10.1bn, after figures of €17bn and €8.5bn respectively the previous year. The Group division's portfolio income therefore rose once again and in 2015 made up around 65% of total income in securities business.

The Group division also made significant progress with regard to the core objective of profitability, with operating profit improving steadily while costs remained stable.

Transformation from branch bank to multi-channel bank on track

The systematic transformation from branch bank to multi-channel bank is at the heart of the strategy in private customers business. In the year under review the Group division continued its efforts to build an efficient multi-channel platform. New, digital services were launched for online banking customers. These included online chat, enabling customers to communicate one-to-one and carry out product transactions via video, audio or text chat. In addition, online banking processes have become faster and more efficient: the identification process for products purchased via the internet can now be carried out fully online. This spares customers the laborious process of identification via a third party. Around 20% of customers who opened their account online took advantage of this service in 2015. Users of mobile end-devices can use a range of Commerzbank applications for their banking transactions. These include the Banking & Services app for all basic transactions and the Kontostand app, which they can use to check their balance at a glance – without the need to log in. Since 2015 there has also been a dedicated app for switching from another bank to Commerzbank. Commerzbank's range of apps have received positive reviews from users on the App Store, and take-up has been good, with around 1.85 million downloads to date.

Meanwhile, branch distribution was further adapted to the requirements of a multi-channel bank. This means above all faster decision-making processes, a closer relationship with customers and more efficient processes. One significant innovation is the management structure with 5 market regions and 65 branches nationwide. Market responsibility for private and business customers and for wealth management has been brought together, with two management levels consolidated. In addition, the sales structure in private customer business will in future match that in Mittelstandsbank. This will enable the two segments to cooperate more closely together with a shared market presence. The restructuring of distribution entails the loss of around 400 jobs, as announced in April 2015.

In addition, further progress was made with the pilot phase of the new flagship and city branches in Stuttgart and Berlin, featuring an innovative product and service offering. Customer acceptance has been encouragingly high. The number of visits to the two flagship branches rose by around 55% in 2015, with customer growth of around 31%. There are plans to extend the model to other locations. In order to link online and mobile banking technically, too, in future, a joint IT system is currently being tested. Meanwhile, the streamlining of the product range begun in 2015 should ensure greater efficiency and transparency. In the streamlining process, products with similar features are being merged.

Direct Banking

The Direct Banking Group division covers the activities of the comdirect group (comdirect bank AG and ebase GmbH). With almost 1.8 million securities accounts, customer assets under management of more than €65bn and 23.6 million securities transactions carried out, the comdirect Group is the German market leader in online securities business.

In the year under review, the comdirect Group once again grew profitably and won a large number of new customers in direct banking business. In Trading, the number of orders executed beat the very good level recorded the previous year, thus hitting an all-time high. This was attributable not only to the unusual market volatility but also to the continued improvement in the market position in trading in contract for difference trading. The portfolio volume in Investing increased markedly year-on-year, helped in part by price effects. Owing to the higher number of current and call accounts, the volume of deposits also rose despite low market interest rates. ebase, which caters for institutional partners, acquired several fintechs as new partners. Assets under management in ebase were up year-on-year, while the number of customers was close to the previous year's level.

With full digital account opening and the account moving service, the significantly upgraded AnlageAssistent in Investing, the expansion of Mobile and Social Trading and a greatly increased digital offering for institutional partners, the comdirect Group has underpinned its positioning as a forward-thinking, accessible and intuitive direct bank. Thanks to the realignment of the innovation process and the closer cooperation with fintechs – including via the Start-up Garage launched in 2015 – it will in future be possible to get new ideas with strong customer benefits ready for the market more quickly.

Commerz Real

Commerz Real can look back on a very successful year, with transaction volumes, new business volumes and the overall result rising year-on-year. As a centre of excellence for physical assets, it offers diverse investment solutions – such as asset gathering for private and institutional investors, comprehensive construction management for commercial projects and a tailored financing concept for corporate customers. The range of commercial real estate assets covers a range of use types, from solar parks and aircraft to pipeline networks and production facilities. As at the end of the reporting period, assets under management were around €31bn, compared with €32bn the previous year. The total value of transactions was approximately €3bn.

The open-end real estate fund hausInvest had total assets of €10.4bn. Net inflows of around €650m and proceeds from sales transactions that had been preceded by successful rental performance enabled investment in construction projects to be stepped up. With early entry into the project planning phase, Commerz Real can secure attractive real estate and participate at a much earlier stage in their value creation. Highlights for hausInvest included an investment in a new hotel and residential tower in Frankfurt, entry into the Australian market and the launch of fund distribution via the internet. Commerz Real has a long tradition of business investments, with 182 funds across a wide range of asset classes. The latest product – a retail AIF (AIF = alternative investment fund) rated A by the rating agency Scope – was over 50% funded by the end of 2015. CFB Invest Flugzeuginvestment 1 gives investors access to ownership of a Boeing 777-300 ER.

Commerz Real is also a leading address for institutional investors. Many years of experience in structuring and managing investments in physical assets, together with licences for German and Luxembourg investment vehicles, allow it to offer tailored investment solutions. Institutional funds totalling more than €500m were acquired in the period under review. In the fourth quarter, the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht) gave approval for two institutional AIFs in the hotel and student residence segments. Another product in the area of wind energy is also being planned.

In 2015 Commerz Real Asset Structuring GmbH (CRAS) continued to focus on financing and structuring solutions for infrastructure models, big-ticket items, outsourced current assets and property development with one-stop planning, construction and financing. The focus of the activities of Commerz Real Mobilienleasing GmbH (CRM) in the year under review was once again on leasing machinery and equipment, sale and leaseback solutions and hire purchase models. Like CRAS, CRM works closely with Mittelstandsbank. With a new leasing transaction volume of around €860m, CRM has once again posted growth after an already very successful previous year.

Outlook for Private Customers

Growth in customers, accounts and assets, a fresh rise in income and stable costs remain the Private Customers segment's main objectives once again in 2016. The systematic transformation from a branch bank to a multi-channel bank is being implemented in part through the steady expansion of the multi-channel platform. Here, the segment will focus on driving forward mobile banking and creating a single technical platform for the online and branch channels. In addition, the branch processes will be enhanced and the product range streamlined. Meanwhile, customer management and the management sales activities will also be geared towards the requirements of the multi-channel bank. Digital Customer Relationship Management (DCRM) for online banking, launched at the end of 2015, enables customers to be served in a more targeted, personalised and needs-oriented way through all channels. Over the next few years, further channels will gradually be linked up to DCRM: namely the branches, mobile banking, and telephone and self-service banking. Measures towards greater customer retention are being taken to decrease the number of customers leaving Commerzbank. They include intelligent analysis of customer data in order to identify potential account terminations in advance and take remedial measures. Also on the agenda is a new multichannel management concept, which links the individual channels more closely together and ensures the best possible interaction between them.

Mittelstandsbank

Export payments in the eurozone

Commerzbank processes more than 8% of the eurozone's export payments, a figure that has grown steadily in recent years.

One bank, the whole world

Total lending

+4%

Despite the reluctance of corporate customers to invest, lending by Mittelstandsbank grew year-on-year, mainly in the Mittelstand Germany and Large Corporates & International Group divisions.

Customer satisfaction

>96%

Although satisfaction amongst our corporate customers was already very high the previous year, we notched up another small increase in 2015: clear confirmation of the quality of our advice, products and services.

Loan loss provisions

–44%

Marked reduction in loan loss provisions

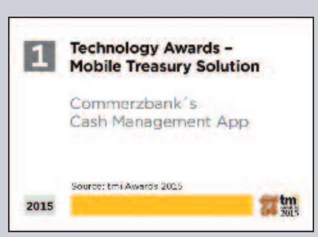
150
locations in Germany

>65
worldwide

Prizes and awards in 2015

EBRD award
"Most Active Confirming Bank in 2014"

FImetrix
"Distinguished Provider 2015"
Global Transaction Banking



Technology awards
No. 1 Mobile Treasury Solution
(Cash Management app)

Mittelstandsbank

The Mittelstandsbank segment is divided into three Group divisions, namely Mittelstand Germany, Large Corporates & International and Financial Institutions. The Mittelstand Germany Group division bundles business with small and medium-sized customers, the public sector, and regional and small and medium-sized institutional customers in Germany. The Large Corporates & International Group division serves corporate customers with turnover of more than €500m that are not listed in the M-DAX or DAX and smaller groups with high capital market requirements, together with – in the relevant competence centres – customers in the energy and commercial real estate sectors. The Financial Institutions Group division is responsible for relationships with credit institutions in Germany and abroad, as well as with central banks. In carrying out its activities, the Financial Institutions Group division makes use of a global network of correspondent banks and established links in emerging markets, thus promoting the Group's global foreign trade activities and supporting other segments in their international activities and strategies. Mittelstandsbank offers its customers the complete range of products of an international full-service bank: traditional credit products and customised structured financing solutions, investment and hedging products, and products in the areas of cash management and international business.

In a challenging environment, Mittelstandsbank was able to achieve a solid operating profit.

Performance

Table 10

€m	2015	2014[1]	Change in %/%-points
Income before provisions	2,725	2,928	–6.9
Loan loss provisions	–192	–342	–43.9
Operating expenses	1,471	1,362	8.0
Operating profit/loss	**1,062**	**1,224**	**–13.2**
Capital employed	8,142	7,618	6.9
Operating return on equity (%)	13.0	16.1	–3.0
Cost/income ratio in operating business (%)	54.0	46.5	7.5

[1] Figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

Against the backdrop of persistently difficult market conditions, the Mittelstandsbank segment posted an operating profit of €1,062m in 2015, compared with €1,224m the previous year. This fall in profit was primarily the result of negative market interest rates and a write-down on a shareholding. The increase in operating expenses as a result of tighter regulation was more than offset by lower loan loss provisions. There was another pleasing increase in lending volumes, notably in the Mittelstand Germany and Large Corporates & International Group divisions, where they were up by around 4%.

Income before loan loss provisions was €2,725m in the year under review, 6.9% lower than in the previous year. Net interest income was €1.675m, 7.0% below the previous year's figure. This was due in particular to the adverse effect of the continuing low interest environment. The net interest contribution from lending rose again, thanks to the strong position Mittelstandsbank enjoys in the market.

However, this effect was wiped out by the decline in the deposit business given the negative level of market interest rates. At €1.090m, net commission income was at the same level as in the previous year. While income from documentary and corporate finance business in particular was down year-on-year, strong growth in income from our customers' currency hedging transactions (and payment transactions) was recorded. Net trading income was €34m, compared with €–6m the previous year. This increase in income was largely down to positive currency effects. The negative net investment income figure of €–65m resulted from a write-down on a shareholding. Other net income stood at €–15m, compared with €24m the previous year, when the figure included releases from provisions.

Loan loss provisions came to €–192m, compared with €–342m the previous year. The fall was mainly due to lower additions to loss loan provisions for individual commitments.

Operating expenses were €1,471m, up €109m on the previous year's figure. The 8.0% increase was mainly due to the tighter regulatory requirements and the first-time reporting of the European bank levy of €34m.

Overall, the Mittelstandsbank segment posted a pre-tax profit of €1,062m for 2015, which represents a year-on-year decrease of around 13.2%.

The operating return on equity based on average capital employed of €8.1bn was 13.0% (previous year: 16.1%). The operating return on tangible equity was 14.5%, from 18.0% the previous year. The cost/income ratio was 54.0%, compared with 46.5% the previous year.

Main developments in 2015

Business performance in 2015 was driven by the low interest rate environment and the increasing attractiveness of the customer base for many competitors. Nevertheless, Mittelstandsbank expanded its business in 2015, maintained the high level of customer satisfaction and laid important foundations for the future in the area of digitalisation. The tried and tested relationship management model was adapted to the change in customers' requirements by means of an improved structure for the sales operation in Germany. The model was also realigned to make it even more customer-centric and future-oriented.

Customer satisfaction maintained at a high level

In our annual customer survey, our customers reaffirmed the very high satisfaction ratings from the previous year. The quality of advice our advice, for instance, was seen as a key strength in the year under review. From the point of view of our customers, Mittelstandsbank stands for competence, professionalism and experience. Despite this strong level of recognition once again, we continue to set the same high objectives with our claim: we want to remain close to our customers, understand their business models, wishes and expectations, and always offer them the best solutions for their individual needs.

Stronger customer focus thanks to new sales structure

To lay the foundations for an even more customer-oriented, modern Mittelstandsbank and for further profitable growth, we gave the structure of the sales operation in Germany a more regional focus in the first half of 2015, reduced the number of management levels and placed greater importance on regional responsibility for generalists and product specialists and on the Mittelstand Germany and Large Corporates & International Group divisions. In line with the changed requirements and needs of our customers, we are thus strengthening our market responsibility locally and will react in a more targeted, agile way to our customers' requirements. Placing the relationship management team, made up of generalists and product specialists, under a single leadership makes for closer cooperation and will strengthen even further our customer-centric relationship management model with its solutions tailored to customers' requirements.

Digital transformation for optimum customer relationship management

The prerequisite for continuing to provide the very best customer advice is the digital transformation of the business as an enhancement to traditional advice, as customers increasingly want to choose which channel they use to communicate with their bank, too. We are therefore systematically expanding the ways in which customers can access our products and services. In the year under review, we completely upgraded our corporate customer portal, giving it a more intuitive design and additional functionality, while at the same time introducing brand new online functions in the areas of securities investments, cash investments and forex trading. Thanks to well-reviewed customer apps – such as our Cash Management app, which allows users to monitor their accounts, including those held with third-party banks, and which won an award as best mobile treasury solution; and an app providing the latest market information – our mobile offering has enjoyed a successful start. The increasingly strong base of young digital companies in Germany and Europe is also increasingly developing into an important economic driver. Mittelstandsbank has therefore set itself the objective of becoming an attractive banking partner for this customer group – "the new digital SMEs" – with a special product and relationship management offering. We supported Paydirekt, which was developed by German banks as a payment system for online transactions, through to launch and have already used it to carry out the first transactions with customers.

Liquidity requirements in China managed from Germany

For many of our customers, expansion into China is of great importance. In this process, funding the corresponding investments in local currency, taking into account for instance the need to avoid currency mismatching, is an attractive option. We have therefore added currency management solutions for our customers to our comprehensive portfolio: since 2015, we have been offering corporate customers in Germany, too, the possibility of taking out a loan in offshore renminbi, thus managing centrally from Germany the liquidity requirements for their business in China.

Ensuring the innovative power and sustainability of Mittelstandsbank

With main incubator GmbH, a wholly owned subsidiary founded in March 2014, Commerzbank is pursuing the aim of identifying innovative trends in banking at an early stage, participating in these trends and developing and implementing them under the company start-up approach. By investing in the equity of young companies in the phase between foundation and the launch of products on the market, and by cooperating with financial technology (fintech) start-ups, Commerzbank aims to use innovative financial services solutions for itself and to offer them to its customers.

main incubator has already taken stakes in four fintechs (Gini, Traxpay, OptioPay and Byebuy) and examined many ideas. main incubator then assists with the implementation of these start-ups' bank technology solutions at Commerzbank. In addition to taking equity stakes, main incubator also develops ideas itself under the company builder approach.

Mittelstand Germany

Across the whole of Germany, we serve small and medium-sized customers with turnover of between €2.5m and €500m, public-sector customers and institutional customers in the Mittelstand Germany Group division. This puts us right alongside our customers, enabling us to take the characteristics of regional markets into account while at the same time making available the global competence of a large bank. As part of our comprehensive advisory approach, corporate customer advisors can also draw on the expertise of our product specialists.

Greater importance of locations in the sales structure

For our Mittelstand customers in particular, we gave our sales structure a much stronger regional focus in the year under review. To enable us to act faster and in a more customer-focused manner, 18 regional branches were turned into 43 branches, thus increasing the importance of many regions in the hierarchy. As a result, customers benefit from shorter consultation paths and more responsibility at the local offices. We have also ensured continuity of service and retained all Mittelstandsbank locations.

Leader in financing

Our market position in sophisticated financing solutions for Mittelstand customers remains as strong as ever. For instance, we maintained our market leadership in syndicated lending in the year under review. No other German bank issued as many syndicated loans to Mittelstand companies as we did. Overall, we increased the volume of lending in the Mittelstandsbank segment by around 4% year-on-year. Our performance was also recognised in the market with numerous awards. For instance, Commerzbank was named No. 1 Best Arranger of Mid-Cap Loans and No. 2 Best Arranger of German Loans by the renowned GlobalCapital Rewards. We also received deal of the year awards from renowned publications for several of our structured export financing transactions.

Cooperation with TÜV on energy efficiency advice

Actively tackling current challenges facing our customers and developing solutions is become increasingly crucial to success in the market. One successful example is our cooperation with TÜV NORD, TÜV Rheinland and TÜV SÜD on energy efficiency advice. As part of the cooperation with the TÜV companies, we refer energy efficiency experts who analyse the customer's energy consumption and draw up an energy plan for future investments in improving energy efficiency. At the same time, Commerzbank draws up corresponding financing solutions, including the use of public-sector subsidies.

Large Corporates & International

The Large Corporates & International Group division offers a relationship management model that is tailored to the requirements of its customers, i.e. corporate customers with turnover in excess of €500m and companies with lower turnover that also raise funding via the capital markets. The model is customer-focused, international, competent and based on broad product expertise that is enhanced by the close integration with the Corporates & Markets segment's product portfolio. Alongside our 11 branches in Germany, we have dedicated competence centres serving customers in the energy sector and catering for commercial real estate financing. Internationally, Mittelstandsbank has operating units in all key regions.

International service offering strengthened

Mittelstandsbank follows a global customer-centric relationship management approach whereby the relationship manager leads a client service team that operates worldwide across national borders and ensures very high quality of advice. With the expansion of our core market to cover the whole of Europe, the preparations for the opening of our subsidiary in São Paulo, Brazil and the coverage of countries without their own location from neighbouring countries (e.g. Indonesia, Malaysia, South Korea and Taiwan from the People's Republic of China and from Singapore), we continued our efforts to expand our international service offering during the year under review. In this way, we want to help even more companies to internationalise their operations in future. Accordingly, we have internationally expanded and standardised our product portfolio in the areas of cash management and trade finance so that we can meet the specific local and international needs of globally active companies.

Funding the shift to renewables

Another area important activity for Mittelstandsbank is the promotion of renewable energies – an area in which Commerzbank has more than 25 years of experience. In the core business of the energy competence centre – funding wind farms and solar parks – the volume of funding arranged increased to around €1.2bn in the year under review.

Competence centre for commercial real estate financing

In 2015, the competence centre for corporate customer real estate was set up at Mittelstandsbank. The aim is to bundle expertise in commercial real estate financing in the core bank. The competence centre's advisory, product and service offering is aimed at corporate customers of Mittelstandsbank with a strong connection to real estate and at professional real estate companies. Mittelstandsbank is thereby able to offer its clients a comprehensive product range and professional solutions.

Financial Institutions

Financial Institutions assists its customers throughout the world with foreign payment transactions, hedging of foreign trade risks and funding for foreign trade deals. The Financial Institutions Group division also provides its customers with bilateral loans, supports them in syndicated loans and, together with the Corporates & Markets segment, offers solutions for active risk management.

Global distribution network expanded

In line with the Financial Institutions Group division's global customer relationship management model, the global sales network made up of representative offices and Financial Institutions desks was expanded in 2015 with the opening of a representative office in Abidjan, thus enhancing Commerzbank's operational network of outlets outside Germany. Comprehensive relationship management and advice is provided by a Financial Institutions relationship manager, who is supported by a host of qualified product and risk specialists.

Leader in the processing of foreign trade transactions

In the processing of foreign trade transactions, Commerzbank was able to further increase its market shares in the eurozone in the year under review, according to SWIFT Watch. Commerzbank therefore remains a leader in the processing of export payment transactions and export letters of credit in the eurozone. Commerzbank's expertise in the documentary processing of foreign trade was recognised globally when it won the "Best bank for documentary processing" award from the highly regarded publication Global Trade Review for the second time.

Outlook for Mittelstandsbank

In order to be equipped for the coming challenges and changing requirements, we forged ahead with digitalisation in 2015 and made significant changes to our sales structure. The implementation of the digital transformation and internationalisation will remain crucially important to us and our customers. The low interest rate environment will persist in 2016, and regulatory requirements will need to be fulfilled. At the same time, measures to increase profitability will be carried out.

We will continue to enhance our advisory approach with digital solutions and services. On the basis of innovative platforms, an even greater range of digital services will be made available to relieve customers of administrative tasks and to enable all relevant products to be accessed through state-of-the-art channels. In the area of customer management, too, new solutions will be developed under the "digitally assisted sales" banner, allowing for highly interactive advisory consultations and thus increasing customer focus, flexibility and efficiency. Digitalisation is opening up new opportunities in all sectors: building up digital expertise will enable corporate customer advisors and product specialists to offer customers even more closely tailored support in the digitalisation of their own business models.

In the first half of 2016 we plan to add the digital funding marketplace Main Funders to our lending and investment product offering. Main Funders is a digital peer-to-peer lending platform developed in conjunction with main incubator, where customers seeking funding can make direct online contact with investors able to provide it.

In international business, we will begin operations at our subsidiary in São Paulo, Brazil in the spring and will also make use of our market position in the processing of foreign trade and the expansion of our core market across the whole of Europe to achieve further growth internationally and help even more companies to internationalise their operations.

The ongoing low interest rate environment, investments in the further development of our business model and the high expenditure on implementing regulatory changes will at the same time be accompanied by profitability measures in the areas of income and costs as well as capital management. Possibilities for strategic focusing are reviewed on an ongoing basis. For instance, we are consolidating our network of correspondent banks, significantly reducing their number.

Central & Eastern Europe

mBank still riding high in 2015

New customer growth in 2015

Customer growth

In the year under review, mBank acquired around 400,000 net new customers: 396,000 private customers and 1,800 corporate customers. Customer numbers thus rose to almost 5 million overall in 2015.

Cashless card transactions

+36%

The number of transactions rose to 306 million, which is a 12% share of the Polish market.

Lending volume +7%

Year-on-year lending volume growth continued, thanks to mortgages in local currency, consumer credit and corporate loans.

€346m
Operating profit 2015

Loan loss provisions

+€26m

Loan loss provisions were reduced to €–97m. There was a further improvement in credit quality.

Business performance

positive

Total income up 2% to €941m. Many areas reported increases: e.g. customer and transaction numbers rose, as did deposit and loan volumes.

Deposit business

+17%

Overall year-on-year growth in deposits was due in equal part to higher volumes in both private customer and corporate customer business.

Prizes and awards in 2015

Global Finance Award 2015
mBank: "Best Bank in Poland"

Distribution & Marketing Innovation Award by Efma
mBank: 1st place "Digital Marketing"

Euromoney Magazine
mBank: "Best in Private Banking"

Central & Eastern Europe

The Central & Eastern Europe (CEE) segment comprises all of the Group's activities in universal banking and direct banking in Central and Eastern Europe. The segment is represented by the mBank brand, under which it serves customers in retail, corporate and investment banking in Poland, and in retail banking in the Czech Republic and Slovakia. At the end of 2015 mBank had a market share of around 8%, making it the fourth-largest bank in Poland.

Performance

Table 11

€m	2015	2014[1]	Change in %/%-points
Income before provisions	941	923	2.0
Loan loss provisions	–97	–123	–21.1
Operating expenses	498	436	14.2
Operating profit/loss	**346**	**364**	**–4.9**
Capital employed	1,920	1,722	11.5
Operating return on equity (%)	18.0	21.1	–3.1
Cost/income ratio in operating business (%)	52.9	47.2	5.7

[1] Figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

The Polish economy, which had already outperformed the eurozone in 2014, continued its positive trend in 2015. However, the interest rate environment came under pressure following a further rate cut in March 2015. Operating profit in 2015 was €346m, compared with €364m the previous year.

Income before loan loss provisions came to €941m in the reporting period, representing a slight increase compared with the previous year. Net interest income was down 3.2% year-on-year at €566m. The Polish national bank cut its reference rate in October 2014 and again in March 2015, reducing it by 100 basis points overall. At the same time, mBank increased both its volume of lending and its volume of deposits in business with private and corporate customers. Net commission income was stable year-on-year at €215m, despite the regulatory requirement to reduce fees for card business in Poland. In addition, mBank acquired some 400,000 new customers in 2015. The earnings figures also reflect the income realised in the first quarter of the current year from the sale of the insurance business to the AXA Group and the sale of a non-core holding in the fourth quarter of 2015.

Loan loss provisions stood at €–97m in 2015, 21.1% lower than in the same period the previous year.

Operating expenses were €498m, an increase of €62m year-on-year. The rise was due almost entirely to higher regulatory costs, i.e. the contributions to the Polish deposit protection fund and to a fund for supporting distressed mortgage borrowers.

The Central & Eastern Europe segment reported a pre-tax profit of €346m in 2015, compared with €364m the previous year.

The operating return on equity based on average capital employed of €1.9bn was 18.0% (previous year: 21.1%). The operating return on tangible equity was 21.9%, compared with 26.1% in the prior-year period. The cost/income ratio was 52.9%, compared with 47.2% in the previous year.

Main developments in 2015

The implementation of the One Bank Strategy, adopted in 2012, continued to be mBank's most important strategic project in 2015. It entails a range of measures in connection with customer, capital and cost management, product expertise and corporate culture. mBank's strategic activities in 2015 were mainly focused on consolidating its position as a leader in the areas of mobile and transaction banking, which led to encouraging growth in online customers and to a higher number of cashless payment transactions. More than 40% of all mBank customers now use mobile channels to conduct their banking business. In addition, the number of card transactions rose by 36% year-on-year. As a result, mBank was able to maintain its 12% share of the Polish cashless card transactions market. mBank also grew its business strongly in the Czech Republic and Slovakia. These two markets now account for an estimated 10% of mBank's total business with private customers.

Another of mBank's strategic objectives is to continue with the diversification of its funding sources. In this respect, deposit growth and the use of various funding instruments are crucial. Overall, the volume of deposits at mBank increased by more than 17% in 2015. Consequently, the loan/deposit ratio fell below 100% for the first time in the bank's history (down from around 103% in 2014 to around 97% in 2015). Meanwhile, Pfandbriefe with a nominal value of PLN 1.5bn were issued via the mortgage banking subsidiary mBank Hipoteczny, an increase of PLN 500m on the previous year.

Strategic alliance with Orange Polska

In 2015, mBank continued to drive ahead the Orange Finance project launched the previous year in cooperation with Orange Polska, the country's largest fixed line, mobile, internet and data transmission provider. Orange Finance offers customers the possibility of using banking products via a mobile Android or iOS app. mBank products are also offered to Orange Finance customers online and through around 900 of the mobile phone provider's shops in Poland. In the year under review, the Orange Finance product range was expanded once again. The offering ranges from account management to the possibility of making payments via mobile phone. In addition, customers are offered the possibility of opening savings accounts online, time deposits, discount programmes for some 3,000 commercial partners (shops, service providers, hotels and restaurants) and other services. Overall, we were able to win around 160,000 customers through the strategic alliance with Orange Polska in 2015.

Cooperation with the AXA Group

The sale of the BRE Ubezpieczenia Towarzystwo Ubezpieczeń i Reasekuracji (BRE TUiR) subsidiary to the AXA Group was completed in March 2015. Along with the purchase and distribution agreements, a long-term cooperation for the distribution of insurance products was agreed. In the first joint advertising campaign in mid-2015, the emphasis was placed on the convenience and security that customers enjoy as a result of the cooperation between two experienced business partners.

Our range of products and services for Polish customers was expanded thanks to the cooperation with the AXA Group. These customers now have access to innovative insurance products, both via digital and mobile platforms and through the traditional branch network. The strategic cooperation with the AXA Group is a further step towards making enhanced use of mBank's online and mobile platforms.

Consolidation and reorganisation of the mBank sales network

The migration of former MultiBank customers to the new mBank platform in the fourth quarter of 2015 represents a further important milestone in the implementation of the One Bank strategy. Thanks to the successful technical migration – which also has internal efficiency benefits – there is now a much greater ability to offer all customers a harmonised product and service offering.

In the fourth quarter, the project to fully consolidate brokerage and private banking activities under one roof within mBank was launched. The aim of the project, scheduled to run until the end of 2016, is the full integration of the subsidiary mWealth Management and of the broker Dom Maklerski mBanku into mBank. Synergies are to be generated from the shared use of the mBank platform and "one face to the customer" approach.

As part of its strategic realignment underway, mBank has also further developed the One Network project to harmonise its sales network. The aim of the project is to better meet the needs of private and corporate customers. To date there have been separate branches for private and corporate customers, but these are being replaced by advisory competence centres. These centres are being set up in all cities where there is already an mBank branch. They will offer customers the full range of retail and corporate banking services, plus products from selected mBank subsidiaries such as mLeasing, mFactoring and Dom Maklerski mBanku. The first branches in the new format were rolled out in 2014. A further three were opened in 2015.

"Light branches" are also being established in selected locations such as shopping malls, where customers will be offered basic services such as cash transactions and products like account opening and loan or credit card applications. In the 2015 financial year, seven new branches in this format were opened. The complete reorganisation of the mBank sales network, which is being carried out in stages, is scheduled for completion by the end of 2018.

Expansion of the customer base and further development of the product and service offering

In connection with the expansion of the product and service offering, mBank was able to increase its private customer base by 396,000 to 4.9 million in 2015. The launch of innovative products tailored to customers' needs was a key factor in the growth in customers.

The technical implementation of the "New mBank" platform was completed in 2015. Users of end-devices including smartphones and tablets can now access mBank's product and service offering at any time via a fast internet connection. With a new integrated personal finance manager, bank customers can, for instance, check their spending and financial status, communicate with their advisor via video chat and call up selected third-party offerings. At the same time, the search for banking services gives us the opportunity to offer personalised solutions to interested customers. On the online payments front, mBank introduced the BLIK mobile payment system in the first quarter of 2015. This was the result of a joint project with five other Polish banks. As a result, its customers can make cash payments, cashless payments and online transfers via the bank's mobile app.

In addition, mBank is driving forward the strategic cooperation that began in 2014 with Poland's leading online auction site, Allegro.pl. Under the terms of the cooperation, the 13 million customers of Allegro will be offered mBank banking products. These include in particular current accounts and short-term loans, which will be offered in various sections of the website in the form of contextual advertising banners. They will also be offered in mailshots and newsletters.

In the year under review, mBank further expanded its leasing business via its mLeasing subsidiary and made further progress with its mortgage bank mBank Hipoteczny in building up the mortgage loan offering for private customers. mBank Hipoteczny remains the leading Pfandbrief issuer in Poland, with a 75% share of the market.

Overall, it also succeeded in growing its share of the SME market in the year under review with an expanded product offering tailored to customers' needs. In this customer segment, mBank's offering is focused on meeting the rising demand for integrated product solutions. These include traditional loan financing, capital market products, transaction solutions and M&A advisory services, along with hedging transactions and other investment banking solutions. They also cover financing solutions such as leasing and factoring. Last but not least, the mBank CompanyNet platform (banking transaction system for corporate customers) was improved on an ongoing basis so as to further improve user-friendliness.

Awards for mBank

In 2015, mBank once again won several industry awards and prizes. In Global Finance Magazine's annual Best Emerging Markets Bank competition, mBank received the prestigious Best Bank in Poland award. This competition to find the best banks in 21 countries is based on information from analysts, managers and bank advisers. Balance sheet growth, profitability, cooperation with strategic partners, customer service, prices and innovative products are the criteria on which the selection is based.

In addition, in the Distribution & Marketing Innovation in Retail Financial Services competition organised by Efma and Accenture, the company won first place in the Digital Marketing category (for mBank's marketing platform), second place in the Best New Product category (for Orange Finance) and third place in the Global Innovator category. mBank's private banking unit also won for the seventh time the 2015 award from UK finance magazine Euromoney for the best offering of its kind in Poland. The assessment criteria included the quality of the services offered, the quality of customer service and the product offering.

Outlook for Central & Eastern Europe

We expect 2016 to be a challenging year overall for the banking sector in Poland. The newly introduced bank tax on assets is the biggest challenge for the months ahead, together with the persistently tough macroeconomic environment. In addition, uncertainty regarding mortgage loans issued in foreign currencies remains a major source of uncertainty for the banking sector.

Despite these challenges facing the banking sector, Poland's economic upturn is expected to continue in 2016. The persistently strong domestic demand thanks to the improved labour market situation remains a good sign for Polish banks as it suggests that demand for credit can be expected to remain dynamic, particularly in the cases of consumer loans for private household and for corporate loans. Growth in this area is likely to be boosted by relatively high corporate investment and the improving appetite for consumption among borrowers.

In 2016 too, mBank plans to continue its business activities focusing on improving potential earnings and profitability and consolidating strategic competitive advantages. In the private customer business, the innovative "New mBank" platform is expected to generate further growth in customer and transaction numbers. The bank will also further expand its operations in the Czech and Slovak markets, which have high growth potential. The One Network project to reorganise the branch network will continue to be implemented with the opening of new advisory centres and "light branches". The full integration of brokerage and private banking activities into the bank is expected to be successfully completed in 2016. In Corporate Banking, mBank will also continue its efforts to strengthen its position among corporates that offer high cross-selling potential. At the same time, the bank intends to consolidate its strong position in the SME segment.

In addition, mBank intends to continue focusing on growth in mobile and transaction banking in the future. It will do so in a way that reflects the increasingly complex requirements of customers. Overall, the bank is looking to focus its business activities even more strongly on customers' requirements, which it is seeking to identify more accurately and quickly. It aims to do this by improving its offering on an ongoing basis and developing new products that respond even better to customers' expectations as regards innovation and user-friendliness in banking. In addition, mBank expects the success to date of its customer acquisition in Poland, and in the foreign markets of the Czech Republic and Slovakia, to continue in the long term.

Corporates & Markets

Creating values with quality

Operating profit

>€600m

In 2015, operating profit broke through €600m again.

€~2bn

Sustainable level of income every year

Centres of competence

We are investing in industrialising our processes and bundling both client-facing and client-remote areas by location: structured business is located in London and high-volume, standardised business in Frankfurt.

Modern investment banking

Our investment banking trained its focus at an early stage on its strengths and managing its resources efficiently. This includes flexible structures with a steady product offering and diversified business model. Our low income volatility is the result.

No. 2 globally

We are one of the world's elite lead managers for covered bonds in euros. In 2015, we handled 67 issues worth a total volume of €9.4bn.

No. 1 in Europe

In 2015, we were best in class in Europe as a market maker for ETFs, with a 14% share of the market.

Prizes and awards in 2015

German Risk Rankings 2015
"No. 1 Overall"

Extel Awards 2015
"No. 1 Germany: Leading Brokerage Firm"
"No. 1 Germany: Country Research"

Asia Risk Awards 2015
"ETF House of the Year"

Corporates & Markets

The Corporates & Markets segment bundles together Commerzbank's investment banking activities. The focus is on the sale of capital market products, advisory services and the preparation of market analyses for Group customers requiring capital market products. The segment comprises the Fixed Income & Currencies, Equity Markets & Commodities, Corporate Finance, Credit Portfolio Management and Client Relationship Management Group divisions, and ensures that not only Corporates & Markets customers but also customers of other Group segments, particularly Mittelstandsbank and Private Customers, have full access to the entire range of investment banking products and services.

Business performance in 2015 was affected by a challenging capital market environment throughout the year, with customer demand volatile across all quarters and product areas.

Performance

Table 12

€m	2015	2014[1]	Change in %/%-points
Income before provisions	2,000	1,972	1.4
Loan loss provisions	36	55	–34.5
Operating expenses	1,426	1,352	5.5
Operating profit/loss	**610**	**675**	**–9.6**
Capital employed	4,604	4,561	0.9
Operating return on equity (%)	13.2	14.8	–1.6
Cost/income ratio in operating business (%)	71.3	68.6	2.7

[1] Figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

After an extraordinarily good first half of 2015, with the leading European stock markets reaching new highs, business in the Corporates & Markets segment weakened in the second half as a result of the general market trend. A significant slowdown in the Chinese economy, together with falling commodity prices, were the main reasons for the downturn in the overall market, which at times suffered from very high volatility. Even the policy rate hike by the US Federal Reserve in December, which had actually been postponed in the summer because of the market turmoil, was not able to shore up the confidence of market participants. The uncertainty was reflected in lower customer activity in the second half.

Corporates & Markets generated operating profit of €610m in the period under review, compared with €675m the previous year. The profit figure includes positive effects from the measurement of counterparty risks at €30m and from the measurement of own liabilities at €71m, compared with €37m the previous year from the measurement of counterparty risks and €–56m from the measurement of own liabilities. In Corporate Finance, lower interest rates led to a decline in deposit business, while primary market bonds and syndicated loans business made a steady contribution to income, although not as high as in the previous year.

The Equity Markets & Commodities Group division benefited from demand for investment solutions in the area of equity derivatives and the need for commodity hedging, enabling it to maintain income at the high level of the previous year. Income in the Fixed Income & Currencies Group division – excluding measurement effects from own liabilities and counterparty risks in derivatives business – benefited above all from customer activity in currency hedging, while trading in bonds and interest rate derivatives was down year-on-year. In Credit Portfolio Management, income was at a satisfactory level after being boosted in the previous year by write-ups on existing portfolios.

At €2,000m, income before loan loss provisions was up 1.4% year-on-year in 2015. Adjusted for measurement effects it was down by €91m. Year-on-year, interest and trading income fell by €11m to €1,549m, while net commission income was in line with the previous year's level at €367m.

Loan loss provisions saw a release of €36m in 2015, after €55m in the previous year.

Operating expenses increased by €74m year-on-year to €1,426m. The increase was chiefly due to the first-time reporting of the European bank levy and to expenses in connection with Group projects.

Pre-tax profit fell by €122m to €553m. This includes restructuring expenses of €57m, mainly in connection with the bundling of product and market expertise.

The operating return on equity based on average capital employed of €4.6bn was 13.3% (previous year: 14.8%). The operating return on tangible equity was 13.7%, down from 15.3% the previous year. The cost/income ratio was 71.3%, compared with 68.6% in the previous year. Adjusted for the effects of measurement of own liabilities and counterparty risk in derivatives business, the operating return on equity would be 11.1% (previous year: 15.2%). The adjusted cost/income ratio would be 75.1%, compared with 67.9% a year earlier.

Main developments in 2015

In a market environment of persistently low interest rates and at times high price volatility, due both to central bank policy and to various macroeconomic events, financial year 2015 consisted of a very positive first half followed by a difficult second half. The segment profited in this respect from its diversified set-up and from prudent resource management. A downturn in business in certain product areas was offset to some extent by pick-ups in other business areas.

Fixed Income & Currencies

Earnings in Fixed Income & Currencies (FIC) were significantly affected throughout the year by the ongoing low interest rate environment and consequently by low customer demand in the area of interest rate hedging. By contrast, the much higher volatility of the forex markets compared with the previous year – especially in the first quarter of the year under review – resulted in a high level of customer activity. The removal of the Swiss franc/euro peg, which caught the markets by surprise, was a contributing factor here. The volatility of the markets decreased as the year progressed, but then rose again sharply in the fourth quarter. Electronic currency trading enjoyed a record year in 2015, boosted by the introduction of FX Live Trader, a new currency trading platform for our business customers. In order to respond better to customer requirements in the current low interest rate environment, fixed income and currency business were brought together within the organisational structure.

Following the introduction of global competence centres, the standardised fixed income and currency trading was consolidated in Frankfurt in order to benefit from the stronger integration with the existing process expertise in electronic trading. To better respond to the increasing complexity of regulatory requirements and restrictions on resources, the XVA Pricing and Portfolio Optimisation unit was created as part of the optimisation of the FIC business model. The unit acts as a link to the Credit Portfolio Management area for all derivatives valuations (credit, funding and debt value adjustments) and in addition is responsible for the strategic reduction and optimisation of the existing FIC derivatives portfolio. In addition, the Group division succeeded in establishing its market services offering as a core business in its central markets in 2015. This was underscored by the acquisition of several customer mandates, both in custody business and in derivatives clearing. With its derivatives clearing platform, FIC is excellently positioned for the clearing obligation that will come into effect in mid 2016. This obligation will initially apply to certain interest rate derivatives for financial counterparties and will later be extended to further products. This was confirmed by the positive response of customers to the custody and collateral solutions offered. With this offering, Commerzbank was rated an "outperformer" in a number of surveys. Under the Distributed Ledger Group initiative launched in September 2015, FIC, as part of a consortium with other banks, is examining how blockchain technologies can best be used for the benefit of customers and to what extent common standards would enable faster development and use of the technology. The area's product expertise was recognised with a number of awards. In the German Risk Rankings 2015, FIC took first place in the "Overall", "Currency Overall", "Interest Rates Overall", "Risk Management, Overall", "Interest Rate Swaps", "Cross-Currency Swaps" and "FX Swaps & Forwards" categories. In addition, FIC won the award for best e-FX platform for corporates from FX Week. The Market Services custody business also received positive feedback in various customer surveys.

Equity Markets & Commodities

Equity Markets & Commodities (EMC) again posted income in line with the previous year's level in 2015, profiting from the diversified nature of the Group division's business and from strong customer demand.

The stable level of income is due to the strong performance of the equity and commodity-led business. We were able to meet the challenges in the commodity markets by optimising the structure of the Commodities division in 2015. Here, EMC profited from demand for hedging from corporate customers and from improving margins thanks to the falling number of competitors. The strong positioning of the Group division as leading European provider and market maker for equity and commodity products, particularly in the area of ETFs, was reaffirmed in 2015. The product offerings in the Asset and Liability Management Solutions division once again contributed here. The strategic initiatives implemented in the year under review began to bear fruit. For example, the UK's first money market UCITS ETF denominated in renminbi was launched, representing a milestone in the establishment of the Chinese currency as an investment currency in the European market. New customers, both within and outside Germany, were acquired via the CFD platform, which is used by institutional customers as a white labelling platform among other things. Commerzbank is playing a pioneering role in the market with this offering. In addition, the Group division made good progress with the selective expansion of its business activities in Asia. Thanks to strong customer demand for structured equity-based solutions, revenues from these products increased significantly. Our customer-focused business approach was rewarded with several prestigious honours. For instance, for the fifth year running Commerzbank came top in the Structured Products and Commodities category in the survey of German derivatives customers conducted by Deutsche Risk magazine. Commerzbank also took first place in the Certificate House of the Year category at the Certificate Awards 2015. It also retained its leading position in the Discount Certificates category.

Corporate Finance

In an uncertain macroeconomic environment, the Corporate Finance Group division was able to continue the positive earnings performance of the previous year, once again making a good contribution to profits. After a very good start to the year, issuing activity fell sharply at the beginning of the second half in both the equity and debt markets, against the backdrop of a difficult economic policy environment. At the end of the year the markets recovered, however, and some transactions and issues – particularly ones that could be executed in the short term – were successfully placed. Equity Capital Markets (ECM) profited from low equity market volatility and attractive valuation levels, particularly in the first half of the year. ECM worked on numerous equity transactions, including IPOs, capital increases and placements of existing shares for German companies and financial institutions, thus further consolidating its leading position in equity transactions for German Mittelstand companies. Overall, however, the volume of equity issues in Germany and Europe was below the previous year's level. Debt Capital Markets Bonds successfully continued its selective internationalisation, supporting German and, primarily, international companies and financial institutions on euro and US dollar bond issues. We further improved our market position in Pfandbrief issuance for international financial institutions in the year under review, achieving a top three position in the Global Covered Bonds rankings for the first time. The market for syndicated loans saw a rise in issuance volumes in the peripheral eurozone countries, while issuance volumes in the core European countries fell sharply. In a competitive market, Debt Capital Markets Loans defended its market leadership in Germany based on number of transactions and expanded its already strong position in Europe and the Middle East as it made successful use of market opportunities in the peripheral eurozone countries. Leveraged Finance also reaffirmed its leading competitive position in Germany and Europe in the year under review. Once again in 2015, it maintained its position among the leaders by number of transactions executed in Germany. While the European market for mergers and acquisitions (M&A) was characterised by large transactions and high valuation levels, which led to high market volumes, the performance of the German market was relatively weak, although the proportion of transactions by Mittelstand companies increased. M&A Advisory successfully performed a number of advisory mandates, mainly for German Mittelstand firms. Structured Capital Markets successfully completed numerous transactions, helped the Bank in its efforts to reduce risk-weighted assets and once again made a good contribution to results.

Credit Portfolio Management

Credit Portfolio Management (CPM) is responsible for: managing default risks on loans and derivatives of Corporates & Markets (including derivatives funding value adjustments); providing specific credit hedges on request for Mittelstandsbank via the capital markets; further reducing the (already significantly reduced) portfolios of the former Portfolio Restructuring Unit; and providing advice to NCA (under a service level agreement) regarding the management of risks and the reduction of the Private Finance Initiative & Utility portfolio and of Public Finance exposures with significant complexity and/or credit risk. Within Corporates & Markets, CPM is the central front-office function for proactive credit risk, market risk and capital management, as well as management of default risks on loans and derivatives. The Group unit also ensures that loans and derivatives are priced in line with the market, taking into account all the financial resources that they use (including capital and funding). CPM once again made a significant positive contribution to the segment's profit in 2015. The Group unit aims to achieve cost-efficiency through the best possible use of the Bank's IT and infrastructure to meet the requirements of other front-office units and control functions. As part of the strategic plan, CPM increased its income in 2015 by offering customers tailored credit products (in cooperation with DCM Loans) and investments in credit instruments that are EVA-positive and have satisfactory credit risk characteristics and medium residual terms to maturity.

Client Relationship Management

Client Relationship Management was responsible for providing global support to companies active in the capital markets, selected German family companies in all key industrial sectors and financial institutions outside the banking sector. The Group division also looked after leading private equity investors, sovereign wealth funds, asset managers, the Federal Government and the individual German states. Since May 2015, Client Relationship Management has additionally assumed responsibility for all other direct customers of the Investment Bank. In order to offer customers tailored solutions, the Group division works intensively with the relevant product specialists from all areas of the Bank in Germany and abroad. In 2015, Client Relationship Management once again stood by its customers as a strong and reliable partner in investment and corporate banking. The focus as regards the Group division's customers was on providing innovative responses to the challenges presented by the global financial markets in terms of funding their business activities.

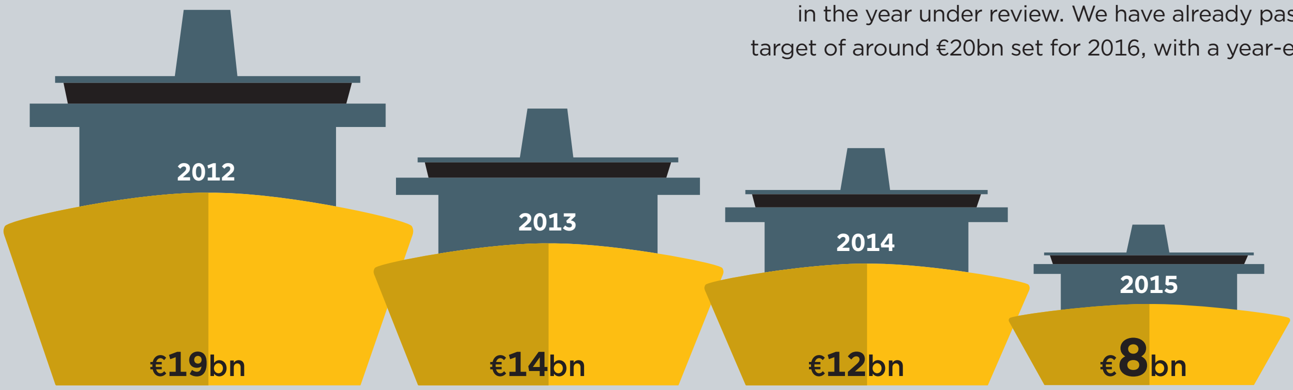
Outlook for Corporates & Markets

In an environment that remains challenging from a regulatory and market point of view, Corporates & Markets plans to further consolidate its market position in individual Group divisions. The Corporate Finance and Client Relationship Management Group divisions are being merged into one new Group division, Advisory & Primary Markets. This will bolster Commerzbank's traditional strengths in capital market financing, and both large German corporates and European multinationals will receive more comprehensive support following a sector-specific approach. Thanks to its integrated business approach, Equity Markets & Commodities will continue to successfully exploit synergies within Commerzbank and offer a high-quality range of products to all Group customers. Special attention continues to be paid to strengthening the relationships with customers served by Commerzbank's Private Customers segment. In the Fixed Income & Currencies Group division, the competence centre model, under which standardised fixed income and currency trading was centralised in Frankfurt in 2015, will subsequently be implemented in downstream areas, too. Here we expect benefits to result from the stronger integration with the existing process expertise in electronic trading and from the bundling of back-office support functions. The focus will once again be on cost discipline in 2016. Thanks to the ongoing cost initiative begun in previous years, cost savings are once again anticipated in 2016. In addition, within the framework of the competence centre model, the cost base will be optimised through the outsourcing of certain IT and back-office functions and in turn a moderate headcount reduction. However, the planned cost savings will not entirely make up for the increased expenditure for the implementation of regulatory requirements, so overall costs are expected to rise. The segment is undertaking a detailed analysis of its infrastructure this year. Implementation of the five-year initiative, launched in 2015, to review and optimise the IT platforms, operational processes and organisation in line with the capabilities of the product and business areas begins in 2016. The aim is to increase the flexibility and efficiency of the systems and processes used, thus further reinforcing the market position and customer perception. In addition, the strengthening of the compliance culture with a range of initiatives launched in New York, London and other locations will remain a particular focus of the Corporates & Markets segment. The new code of conduct that has already been introduced and reflects the much stricter regulatory environment will be underpinned by a comprehensive internal communication campaign and by enhanced training measures. Compliance with the new, stricter rules and the further streamlining of the know-your-client process are among the major areas to which the segment's management at all levels of the hierarchy will pay particular attention. To meet our customers' need for a state-of-the art infrastructure and to take advantage of the latest developments in order to win new customers, further efficiency gains should be made with the digitalisation of sales channels. We are working closely here with the Mittelstandsbank and Private Customers segments.

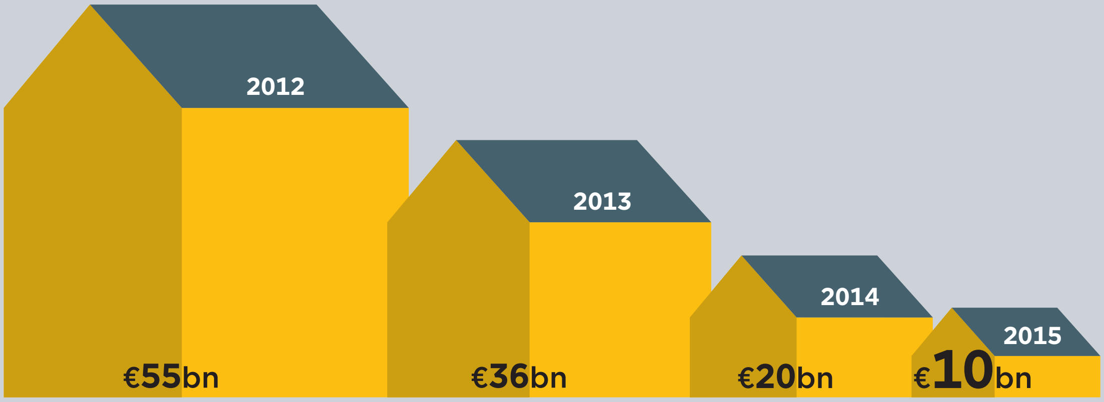
Non-Core Assets

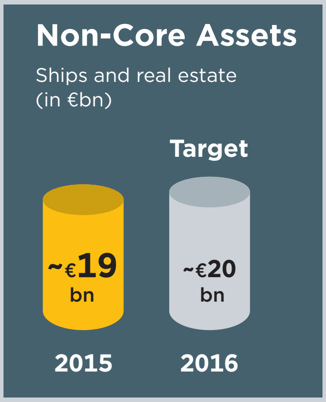
Value-preserving portfolio reduction
continued successfully

We continued to reduce our real estate and ship financing portfolio in the year under review. We have already passed the reduction target of around €20bn set for 2016, with a year-end level of €19bn.



Reduction in ship financing 2012–2015 (in € bn)





Reduction in commercial real estate loans 2012–2015 (in € bn)

€–4bn

Ship financing portfolio cut again

€–10bn

CRE, real estate loans reduced

–51%

NCA's operating result in 2015 was €–401m. Losses in 2015 were halved compared with 2014.

–44%

Further fall in loan loss provisions

Non-Core Assets

The Non-Core Assets run-off segment (NCA) groups together the Commercial Real Estate portfolio (CRE), the ship financing portfolio (Deutsche Schiffsbank, DSB) and the Public Finance portfolio (PF) in the respective Group divisions.

The CRE portfolio principally relates to Hypothekenbank Frankfurt AG (HF). The PF portfolio is split between Hypothekenbank Frankfurt AG, the Commerzbank subsidiary Erste Europäische Pfandbrief- und Kommunalkreditbank Aktiengesellschaft in Luxemburg S.A. (EEPK) and Commerzbank Aktiengesellschaft. The non-core parts of the retail banking portfolio of Hypothekenbank Frankfurt AG and assets and equity stakes belonging to Commerz Real that cannot currently be placed are also allocated to the NCA segment.

The NCA run-off strategy aims to systematically reduce the individual segment portfolios in a way that preserves value and minimises risk. The aim of this asset reduction is to free up capital so that it can be employed in business areas offering higher returns.

Performance

Table 13

€m	2015	2014[1]	Change in %/%-points
Income before provisions	258	148	74.3
Loan loss provisions	–366	–654	–44.0
Operating expenses	293	309	–5.2
Operating profit/loss	**–401**	**–815**	**–50.8**
Capital employed	7,268	8,094	–10.2
Operating return on equity (%)	–5.5	–10.1	4.6
Cost/income ratio in operating business (%)	113.6	208.8	–95.2

[1] Figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

In 2015, NCA posted an operating result of €–401m, thus almost halving the negative figure posted the previous year. The operating loss in 2014 was €–815m.

NCA once again substantially reduced assets and risks in all of the segment's main divisions. In reducing their portfolios, the Public Finance and CRE Group divisions continued to benefit from a relatively favourable environment. While risk premiums for various categories of government bonds mostly fell, high investor demand for international commercial real estate persisted. This meant, for instance, that it was also possible to sell some large-volume loan portfolios. By contrast, the situation in the shipping markets remained challenging. It is still not possible to predict when this market will recover in a sustainable manner. The portfolio reduction continued to progress rapidly, with a €22bn overall decrease to €63bn at year-end (exposure at default, including problem loans). We were thus able once again to exceed our ambitious reduction targets for the NCA segment. Income before loan loss provisions increased by 74.3% to €258m, from €148m in 2014. The strong increase in net interest income to €170m was largely attributable to income from measures to restructure funding.

In 2014 the result had been affected by a one-time charge from the sale of all operating CRE activities in Spain and Japan, which led to a net interest income figure of zero being recognised for the segment. No new business is being written, so net commission income fell by 42.3% year-on-year to €15m. Net trading income, which is volatile and largely affected by the measurement of derivatives under IAS 39 and counterparty risk, increased by 64.4% to €319m in 2015. The negative figure of €–235m for net investment income, compared with €–81m the previous year, was largely attributable to write-downs on HETA Asset Resolution AG.

Loan loss provisions were down by a substantial 44% to €–366m. While provisions for commercial real estate financing fell slightly compared with the prior-year period, loan loss provisions for ship financing were almost halved.

Operating expenses were reduced by 5.2% to €293m, owing mainly to lower staff costs. Stripping out the segment's €27m share of the European bank levy, which was payable for the first time, administrative expenses would also have fallen.

The €16m of restructuring provisions recognised for 2015 relate to measures to further reduce operational complexity.

Our successful reduction measures enabled us to free up total capital of around €800m in 2015. The capital released was thus greater than the negative operating result of €–401m, leading to a high positive net capital release effect. Pre-tax earnings remained negative at €–417m, but the previous year's negative figure of €–876m was more than halved.

The operating return on equity based on average capital employed of €7.3bn was –5.5%, compared with –10.1% in the previous year.

Main developments in 2015

Reduction strategy continued

For all assets bundled in the NCA segment, a reduction plan for all NCA portfolios is being drawn up as part of the comprehensive management plan. We continued our value-preserving reduction strategy with the sale of two commercial real estate portfolios and the ship restructuring platform Hanseatic Ship Asset Management GmbH, further trimming both risk and complexity in the Non-Core Assets segment. The focus of the portfolio reduction is on reducing EaD (including NPLs). The priority here is to reduce the more risky assets. The management of NCA also has an efficient toolkit for reducing the portfolio. This includes active restructuring and making use of market opportunities. Improved access to investors and capital markets in recent years has made it possible to reduce assets in a selective manner by selling sub-portfolios, provided capital is freed up as a result. Commerzbank concluded agreements with investors at the beginning of July for the sale of two CRE portfolios. A European portfolio with a nominal volume of €2.2bn, containing both problem loans and performing loans, was sold to a consortium of J.P. Morgan and Lone Star, while a German portfolio with a nominal volume of around €0.7bn was sold to the investor Oaktree. In mid-July, Commerzbank took advantage of the favourable market environment and signed an agreement to sell its ship restructuring platform HSAM GmbH (Hanseatic Ship Asset Management GmbH) founded at the end of May 2013 to a joint venture established between KKR Special Solutions Group of Kohlberg Kravis Roberts & Co. L.P. (USA) and Borealis Maritime Ltd. (UK). The value-preserving portfolio reduction in 2015 is reflected in the 25% year-on-year fall in EaD (including NPLs) in the NCA segment to €63bn. The EAD volume of the CRE and ship finance portfolio stood at €19bn as at the end of 2015, so the end-2016 EaD target of €20bn has already been surpassed.

Since mid-2012, total assets in the NCA portfolio have been reduced from €167bn to €63bn, a decrease of nearly two-thirds. From the high point in 2008, the reduction is more than €220bn or over 75%. Risk-weighted assets (RWA) fell by €8bn year-on-year to €36bn. The secured funding for NCA's activities derives in particular from mortgage and public-sector Pfandbriefe, lettres de gage publiques and ship Pfandbriefe. Repo transactions also play a role in refinancing the portfolio. Optimising the funding structure – through active cover pool management, for example – is an important component of the reduction strategy. The NCA segment still has sufficient numbers of highly qualified staff with many years of experience in the different asset classes. The operating stability of the units within the NCA segment is assured.

Commercial Real Estate

The reduction of the commercial real estate financing portfolio continues apace. In 2015, the total CRE volume (EaD, including NPLs) declined by €9.7bn (–49%) to €10.3bn. In CRE Germany, which still accounts for around 60% of the total CRE exposure, EaD declined by almost one-half to €6.3bn as a result of the above-mentioned NPL transaction. In CRE International, which accounts for around 40% of the portfolio, EaD fell by 49% over the course of 2015 to €4.0bn, partly as a result of large transactions. In addition to sales of commercial real estate portfolios we were able to reduce numerous individual loan exposures through active management in Germany and abroad. The breakdown of the overall portfolio by type of use is as follows: the main components of the exposure are the sub-portfolios office (€2.9bn), retail (€3.8bn) and residential real estate (€2.3bn, of which €1.4bn is attributable to private customers).

Deutsche Schiffsbank

In 2015 the volume of the Deutsche Schiffsbank AG (DSB) portfolio (EaD including NPLs) was reduced by €3.7bn from €12.1bn to €8.4bn. As the portfolio is mainly denominated in USD, the net fall of 31% included the effect of euro depreciation during the year, particularly against the US dollar. At constant exchange rates the portfolio reduction would have been €0.9bn greater. Aside from the ongoing reduction in problem loans at individual loan level, the focus of reduction activities in 2015 was on the sale of selected loans from the performing loan book.

The future speed of portfolio reduction will continue to depend crucially on the performance of the shipping markets, the general condition of which did not significantly improve in 2015 after the preceding years of crisis.

The portfolio is divided principally between three standard types of ship, namely containers (€3.2bn), tankers (€2.0bn) and bulkers (€1.8bn). The rest of the portfolio (€1.4bn) consists of various special tonnages which are well diversified across the various ship segments.

Public Finance

The Public Finance portfolio consists mainly of loans to sovereign states and local authorities, other public-sector or quasi-public-sector institutions, companies or financing institutions, and banks.

Maturities, along with active sales, which – as in the previous year – included internal transfers of liquid assets to Group Treasury, reduced EaD by €8.2bn to €44.2bn in 2015. Most of the public finance exposure is in Germany, western Europe, North America and Canada. The Public Finance portfolio in the NCA segment also includes claims on banks (€6.0bn EaD), where the focus is again on Germany and the rest of western Europe (85%). Most of the bank portfolio comprises securities and loans which to a large extent are covered by guarantee/maintenance obligations or other public support mechanisms, or were issued in the form of covered bonds.

Outlook for Non-Core Assets

Partly because the NCA segment has in the past comprised a large proportion of high-quality assets, we have been able to progress much faster than planned with the continual reduction of non-core portfolios and associated risks. During the first quarter of 2016, Commerzbank intends to transfer a large part of the remaining assets – exclusively unimpaired assets with high internal ratings – to the Private Customers and Mittelstandsbank segments and to the Others and Consolidation division. The criteria for the transfer of assets are good credit quality, low volatility of income and the ability to integrate the assets into the refinancing and liquidity structure of the units concerned. The new segment, renamed the Asset & Capital Recovery Unit (ACR), will essentially retain complex sub-portfolios with long maturities and with volumes of around €18bn (EaD including NPLs), which do not meet, or only partly meet, the specified delimitation criteria. A substantial portion of the commercial real estate and ship financing loans (EaD: around €8bn) are being transferred to the Mittelstandsbank segment, while the Others and Consolidation segment is taking over the lion’s share of the Public Finance portfolios (EaD: around €36bn). The Private Customers segment will also take over a small volume (EaD: around €2bn) of private real estate loans.

The run-off strategy for the ACR segment will be rigorously pursued in the coming years. The aim is still to run off the remaining portfolios and residual risks completely over time in a way that preserves value and releases capital. Opportunities to sell assets and portfolios will therefore continue to be taken in cases where a sale makes economic sense. By the end of 2019, the ACR segment aims to further substantially reduce the CRE and DSB portfolios to below €5bn. This represents a reduction of around one-half compared with the value of the portfolios at the time of the transfer, which was just under €10bn.

The low interest rate environment that is set to persist in 2016 and beyond, along with the investment pressure on both large and small investors, continues to make real estate a relatively attractive asset class, especially in the eurozone. In addition, the recovery in the rental markets, which has accelerated sharply since mid-2015, will contribute to the pick-up in investment activity, which is already at the level of the 2006/07 boom years. While charter rates for tankers are currently robust, the container and large bulker markets continue to suffer from overcapacity, which is reflected in charter rates that remain very low. As a result, some of the loans for ships affected by the crisis can no longer be serviced as contractually agreed. This situation does not look like changing in the foreseeable future, so a lasting recovery in the shipping market in 2016 is unlikely. The future performance of the Public Finance portfolio is dependent on political, economic and monetary developments, especially in Europe. The Public Finance division will therefore continue to seek out and make use of opportunities for asset and portfolio reductions that are focused on risks and do not harm profits.

Others and Consolidation

The Others and Consolidation segment contains the income and expenses which are not attributable to the business segments. Reporting for this segment under "Others" comprises equity participations that are not assigned to business segments, overarching Group matters such as costs for Group-wide projects, effects resulting from the purchase price allocation in connection with the Dresdner Bank takeover, specific individual matters that cannot be allocated to the segments, and Group Treasury. The costs of the service units, which – except for restructuring expenses – are mainly charged to the segments, are also shown here. Consolidation includes income and expense items that represent the reconciliation of internal management reporting figures shown in segment reporting with the Group financial statements in accordance with IFRS. Also shown here are the costs of the Group management units, which – except for restructuring expenses – are also mainly charged to the segments.

The segment recorded an operating result of €–459m in 2015 compared with €–1,214m in the previous year. The increase of €755m was primarily attributable to the previous year's high level of net new provisions for litigation. In addition, Group Treasury improved significantly on the previous year's very good result. Including restructuring expenses of €41m, the Others and Consolidation division's pre-tax earnings were €–500m in 2015, compared with €–1,214m in 2014.

Our employees

Engaged and capable employees are the decisive factor in the Bank's success. As a multi-channel bank, our claim is to offer our customers a comprehensive service and innovative products. At the same time, we are embracing the challenges of the World of Work 4.0 (Arbeitswelt 4.0), which is shaped by growth in networking and digitalisation, as well as new forms of organising work. We are using our numerous HR policy tools to create an environment with attractive working conditions and development opportunities.

Table 14

Actual number employed	31.12.2015	31.12.2014
Total staff Group	51,305	52,103
Total staff parent bank	36,884	38,196

At year-end 2015, the Commerzbank Group employed 51,305 staff, a decrease of 798 employees compared with year-end 2014. The number of full-time equivalents was 45,419, compared with 46,294 the previous year. The following table shows full-time employees at year-end by segment:

Table 15

Full-time personnel	31.12.2015	31.12.2014
Private Customers	14,920	15,525
Mittelstandsbank	5,379	5,487
Central & Eastern Europe	6,541	6,328
Corporates & Markets	1,883	1,896
Non-Core Assets	309	476
Others and Consolidation	16,387	16,582
Group total	**45,419**	**46,294**

Most employees in the Commerzbank Group (76%) work in Germany. Their average length of service with Commerzbank Aktiengesellschaft (Germany) is around 19 years; 22.1% have worked for the Bank for up to 9 years, 29.6% for between 10 and 19 years, and 48.3% for 20 years or more. The employee turnover rate in 2015 was 3.2%, compared with 4.8% in 2014.

HR strategy further developed

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

Partner for restructuring measures

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

Shared leadership philosophy the key to corporate success

Securing the Bank's long-term success requires us to share the same forward-looking philosophy of leadership. The cornerstones and corresponding principles of this were formulated during the year under review. They are based on a six-dimensional, value-oriented leadership philosophy: put customer orientation into practice, deliver performance, be successful, work together, give direction and be a role model. These management principles constitute a uniform standard for management behaviour throughout the Bank and apply when working both with internal and external customers and with employees.

Women in management positions

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

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

World of Work 4.0: new offers and answers

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

Flexibility and mobility, the key competitive advantages

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

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

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

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

Keeping an eye on health risks

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

Modernisation of company benefits continues

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

Remuneration

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

Thanks to our employees

We would like to thank our employees for their dedicated work. With their constructive and loyal collaboration and support, they made a crucial contribution to the success of the company in 2015.

Report on events after the reporting period

Commerzbank opens representative office in Beijing for capital market operations

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

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

Outlook and opportunities report

Future economic situation

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

In the USA we expect 2.0% growth for 2016. Strong domestic demand will offset easing demand from emerging markets and the dampening effect of dollar appreciation. The US Fed will increase the fed funds rate further as the US economy is approaching full employment, with a jobless rate of under 5%, while wages are already rising more strongly, which is a signal for higher medium-term inflation.

Table 16

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

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

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

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

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

Table 17

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

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

Future situation in the banking sector

Our views regarding the expected development of the banking sector over the medium term have not changed substantially since our statements published in the Interim Report as at 30 September 2015.

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

It is still too soon to sound the all-clear for banking, as the eurozone economy is still receiving a push-start from special factors such as lower oil prices, a drop in the external value of the euro and in particular expansionary monetary policy; the danger of setbacks in the economic recovery has not been totally banished. As such, we do not expect any substantial change in the pace of economic growth in 2016. The euro crisis – with its complex interplay between government debt and financial and structural factors – is not so easily overcome.

Deleveraging by governments, companies and private households has not yet been completed and continues to weigh on the profitability of banks throughout the eurozone. In eurozone bond markets, expansionary monetary policy has to some extent served only to paper over the tensions; and in sub-markets, the banks' withdrawal – due to the regulatory framework – is causing anomalies in prices.

The eurozone banking sector is still in the middle of a long-term structural transformation triggered by the crisis of the last few years. The focus remains on individual business models for sustainable profit generation and stress resistance in an ongoing low interest rate environment. As a result, big banks – particularly German ones – are stubbornly trading at a huge discount to their book value. The stronger capital base is offset by reductions in implicit government guarantees, stricter rules on resolution and greater creditor loss participation. A further reduction in leverage exposure levels, improved asset quality and better operating profitability in an increasingly digitalised and automated industry are still essential if the banking sector is to meet the tougher requirements of banking supervisors and fulfil investor expectations.

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

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

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

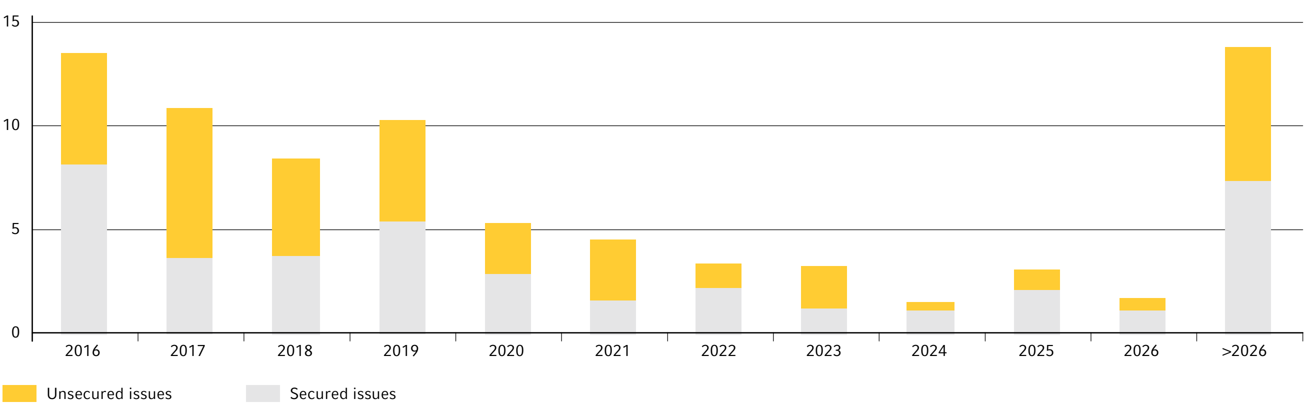
Financial outlook for the Commerzbank Group

Planned financing measures

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

Figure 5

Group maturity profile of capital market issues as at 31 December 2015
€bn



Owing to the reduction strategy, Hypothekenbank Frankfurt AG no longer needs to raise funding from the capital market.

By regularly reviewing and adjusting the assumptions used for liquidity management and the long-term funding requirement, Commerzbank will continue to respond actively to changes in the market environment and business performance in order to secure a comfortable liquidity cushion and an appropriate funding structure.

Planned investments

Commerzbank invested a total of around €720m in growth initiatives in the Private Customers, Mittelstandsbank, Corporates & Markets and Central & Eastern Europe segments in 2015. Since 2013, the investments have totalled around €2bn.

The Bank is continuing to target focused growth by adapting the business model to the new environment in the financial sector and investing in the earnings power of the core business.

In the Private Customers segment, following the successful realignment of the business model the focus in 2015 remained on modernising the Bank under the new private customers strategy. Investments mainly went into sharpening the brand profile and marketing the product and service offering, with the focus on the free current account and instalment loan. The further development of the online and mobile digital channels was another focal point. This includes online identification, new securities and payment transaction functions, the expansion of the tablet app and the digital housekeeping book. In order to serve customers in an individualised, targeted way, a digital customer relationship management system was set up, initially for the online channel. The aim of the strategic measures is to further boost quality and growth and sustainably improve segment profitability. The private customer business is being transformed into an integrated multi-channel bank. The significant investment in expanding the multi-channel platform will therefore be stepped up in 2016. In total, by 2016 the segment will have invested around €1bn in its platforms, its product and service offering, the advisory process and employee training. Around three-quarters of this had already been spent between the start of 2013 and the reporting date.

The Mittelstandsbank segment is focusing in 2016 on the core themes of digitalisation, internationalisation and profitability growth. The digitalisation of processes and product transactions enables them to be made more efficient. For corporate customers this adds a new dimension to the customer-bank relationship alongside the traditional advisory approach. In the year under review, the new corporate customer portal was rolled out, making this key customer platform more contemporary and intuitive, with new functionalities added. Meanwhile, the Cash Management app was launched, making use of the mobile customer channel. Mittelstandsbank will continue investing in the digitalisation of the business model in 2016. The focus here is on platform projects that will offer a broader, deeper offering of digital services based on innovative web architecture, along with smart customer management thanks to interactive advisory solutions. Digital expertise will also be strengthened so that the innovative companies driving this future trend can be acquired and supported as customers. Internationally, Mittelstandsbank had already consolidated its market position in Europe by strengthening its presence in Switzerland and Austria. In addition, the entire international product offering had been expanded and made consistent. As a next step, Mittelstandsbank broadened its strategic focus to cover the whole of Europe at the end of 2015. In this way, it is making use of the potential to support more companies in their internationalisation. These initiatives are being accompanied by a strong focus on increasing the segment's profitability. To this end, investments have been made with the aim of achieving a lasting improvement in Mittelstandsbank's income, costs and capital resources.

Around €100m was invested in the Central & Eastern Europe segment in 2015. Commerzbank will also concentrate in particular on the organic growth of mBank in the future. mBank aims to achieve its objectives by means of ongoing investment in up-to-date technologies and customer-oriented transaction solutions. This will serve to strengthen its leadership position in mobile and transaction banking. To the same end, mBank will continue to foster a culture of innovation in order to continue in future to be perceived as a financial services provider that sets standards in modern banking business. In the coming years, these functionalities will be further developed for all customer segments. The main focus of investment is the targeted acquisition of new customers and the expansion of cross-selling activities. In addition, the One Network project is due to be completed, enabling all customer groups to take advantage of an integrated branch network. “Light branches” are being opened, mainly in shopping centres, as an addition alongside the integrated advisory competence centres. Further investments will serve to improve balance sheet structure management, more closely integrate brokerage services within the mBank Group and continually improve the IT infrastructure.

In the year under review, the Corporates & Markets segment launched a strategic initiative to review the IT platforms, operational processes and organisation and to adapt them in line with the capabilities of the product and business areas. The resulting IT strategy, which will be harmonised with the segment's overall strategy, will be developed over a timeframe of five years. It will form the basis of the segment's new technical architecture. Implementation of the initial measures is to begin in 2016. The aim in this regard will be to ensure the necessary flexibility and efficiency and thus further increase the attractiveness of Commerzbank as a trading partner for our customers. At the same time, the planned measures will in future enable much more efficient implementation of system changes and in particular regulatory requirements. The Equity Markets & Commodities Group division invested in further developing the customer platforms and in further optimising downstream trading processes in 2015. In the year under review the Fixed Income & Currencies Group division invested in the platform for the market services offering, which has already proven popular with customers. In addition to customer clearing, the focus is on custody and collateral services. We are also concentrating on electronic trading platforms for trading interest rates, bonds and currencies, seeking to optimise customer functionality. The Credit Portfolio Management Group division is already using many of the systems available within the

Bank. IT investments here are being concentrated on systems required for the efficient measurement and management of counterparty risks associated with derivatives transactions.

Along with targeting the growth of the segments, the Bank will also pursue strict cost discipline, The aim is to offset a large part of the investments in core business and the anticipated increases in salary and operating costs.

Commerzbank will also continue with the cross-segment strategic investment projects it has already started:

the Group Finance Architecture (GFA) programme to redesign the process and system architecture of the finance function was successfully rolled out in 2015, while the Strategic Architecture Finance and Risk (SAFIR) project was launched to meet regulatory challenges in the Finance and Risk Area. The long-term aim of this project is the Group-wide integration of the accounting and risk processes into reporting.

As a result of increasingly stringent regulatory requirements, Commerzbank will continue to have to make substantial investments in order to comply with national and international standards. Complex transition arrangements, comprehensive reporting requirements (COREP, FINREP, disclosure) and the implementation of new regulatory provisions (IFRS 9, AnaCredit, MREL) are increasing the cost of evaluating information and reporting it to the banking authorities. Commerzbank also launched a comprehensive programme (ARC – Achieving a Robust Compliance Framework) for the further development of its legal compliance and ethical principles. Commerzbank is thus improving its compliance function and reinforcing compliance management in all its business units around the world.

Anticipated liquidity trends

Over the course of 2015, the eurozone money and capital markets were again characterised by the monetary policy measures implemented by the ECB to support the economic recovery in the eurozone.

The ECB is making an additional €60bn of liquidity available each month through the securities purchase programme. The excess liquidity in the system will therefore increase on an ongoing basis. In addition, in December 2015 the EZB reduced the interest rate on its deposit facility by 0.1 percentage points to −0.3% and extended the period of its bond-buying programme until spring 2017 at least.

In addition, the ECB decided to broaden the programme to include euro-denominated debt instruments of eurozone regions and states. As expected, very short-term interest rates moved towards the rate of return for the deposit facility. The Eonia interest rate remained negative and as expected moved towards −15 basis points. It also anticipated the further cut in the deposit rate, with the result that by the end of the year Eonia was around the −24 basis points mark. We expect Eonia to trend sideways in the first quarter of 2016. Shorter-term Euribor fixings have fallen into negative territory, as expected. Towards the end of the fourth quarter of 2015, the yield curve steepened, with short-term yields falling even further while long-term yields such as the ten-year swap rate rose slightly. For 2016 we anticipate a slightly weaker Euribor curve, and hence a further reduction in yields. We expect three-month Euribor to move towards −18 basis points. In relation to credit spreads, certainty was restored to the European government bond markets following the elections in Greece and the Catalonia region of Spain. Spreads in southern European countries such as Portugal, Spain and Italy in particular narrowed significantly, while the core eurozone countries were only able to benefit to a limited extent. The spread trend continues to be supported by the extension of the ECB's bond purchase programme to spring 2017. The elections in Spain and related uncertainty over the composition of the government led to only a slight widening of credit spreads. The very narrow spreads on covered bonds also widened slightly. Given the constant demand from the ECB in connection with its bond purchase programme and the stable level of issuance activity overall, we still expect spreads to remain stable in the fourth quarter of 2016.

We believe that the implementation of regulatory requirements, such as the liquidity coverage ratio (LCR) and the leverage ratio, is already priced into the market. For example, funding costs for collateral that generates an LCR outflow have generally become more expensive relative to LCR-eligible securities, and a new bilateral repo market has developed for more intensive trading in these collateral up/downgrades. The restrictive regulatory environment and ECB interest rate policy are having a severe limiting effect on turnover in the repo market. There was also a further fall in turnover in the final quarter of 2015 as banks carried out their year-end controlling.

Commerzbank's liquidity management is well prepared to cope with changing market conditions and is set to respond promptly to new market circumstances. The Bank has a comfortable liquidity position that is above internal limits and the currently applicable requirements prescribed by the German Liquidity Regulation and MaRisk. The Bank holds a liquidity reserve portfolio to provide a cushion against unexpected outflows of cash, made up of highly liquid assets that can be discounted at central banks.

Our business planning is done such that a liquidity cushion can be maintained commensurate with the prevailing market conditions and related uncertainties. This is supported by the Bank's stable franchise in private and corporate customer business and its continued access to secured and unsecured debt instruments in the money and capital markets.

Managing opportunities at Commerzbank

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

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

In Private Customers, the online and mobile banking trend is continuing unabated and altering customer behaviour perceptibly. Under our strategic measures, therefore, we will expand digital banking into a pillar of equal significance, integrated with the branches.

Here, the Group division will focus on driving ahead mobile banking and creating a single technical platform for the online and branch channels. In addition, the branch processes will be enhanced and the product range streamlined.

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

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

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

The specific opportunities arising for the four core segments this year are described in the corresponding parts of the "Segment performance" section.

Anticipated performance of the Commerzbank Group

With the strong performance in 2015, Commerzbank increased its consolidated profit for the third year running. With a return on equity of consolidated profit of just under 4%, we have improved significantly on the previous years and are thus continuing our positive trend. In the Core Bank we achieved a return on equity of 8.3% assuming that the Group's tax rate was the average of the last three years. This was despite the fact that the very low to negative interest rate environment had a severe adverse impact on deposit spreads and in turn our net interest income, while the bank levy and regulatory requirements led to additional costs. This shows that, with our strategic focus, we are on track to achieve a sustainably higher level of profitability in the years ahead. At the same time, we reduced the risks within the Group substantially in 2015. We were able to reduce the volume (EaD) of ship financing assets to well below €10bn. By the end of 2015 we had thus already met our aim of reducing the combined total of commercial real estate and ship financing assets to below €20bn by the end of 2016. Non-performing loans make up 1.6% of the total EaD, which is a very good figure in comparison with the industry as a whole. As the reduction of non-strategic portfolios has progressed much faster than expected, we plan to transfer a large part of NCA segment assets to the core segments in the first quarter of 2016. The criteria for the transfer of assets are good credit quality, low volatility of income and the ability to integrate the assets into the refinancing and liquidity structure of the core segments. The new Asset & Capital Recovery Unit (ACR) segment will essentially retain complex sub-portfolios with long maturities which do not meet, or only partly meet, the specified delimitation criteria. The aim is still to completely run off the remaining portfolios over time in a way that preserves value.

For 2016, we expect capital market volatility to remain high and for the low interest rate environment to continue making a negative impact. Therefore, we do not at present expect the cost/income ratio target of below 60% or the return on equity target of above 10% for the core segments to be achievable, as these targets were set in 2012, when the interest rate and regulatory environments were different. However, despite the challenging conditions, we are still aiming to further strengthen our market position while continuing with our rigorous cost management.

Anticipated performance of individual earnings components

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

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

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

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

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

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

Anticipated segment performance

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

Mittelstandsbank will also concentrate on further consolidating its leading market position through the digital transformation of advisory and sales processes in 2016. Customers will benefit from an even wider offering of digital services that they can access via various state-of-the-art channels. In addition, by broadening our core market to include the whole of Europe, we are stepping up the internationalisation of our business and are thus able to help even more companies with their own expansion into new countries. At the same time, possibilities for strategic focusing will be reviewed on an ongoing basis. Given the ongoing low interest rate environment, investments in the further development of our business model and the high expenditure on implementing regulatory requirements, we expect operating profit in 2016 to be more or less in line with the previous year's level. The operating return on equity and cost/income ratio should therefore remain largely stable.

In the Central & Eastern Europe segment, mainly comprising our majority holding in mBank, we see further growth potential in the medium term. In mBank, Commerzbank has one of the world's most innovative direct banking platforms and an attractive, continually growing base of currently more than 5 million corporate and private customers.

However, the introduction of the bank levy is expected to result in significantly lower operating profit compared with 2015 and, accordingly, a fall in operating return on equity and rising cost/income ratio. In addition, there is still uncertainty as to whether and in what form the Polish government's proposed conversion of mortgage loans issued in foreign currency will be implemented.

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

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

General statement on the outlook for the Group

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

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

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

We have made Commerzbank much more resistant to negative external influences in recent years. Nevertheless, at the start of 2016 numerous risk factors have been identified that could have a major but currently unquantifiable impact on the profit forecast for the year should events take an unfavourable turn. These include the uncertain economic and political situation in Europe and the economic slowdown in many emerging markets, particularly China, which could have a particularly severe impact on the strongly export-oriented German economy. Regulatory or legal influences could also have a negative impact.

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

Group Risk Report

The Group Risk Report is a separate reporting section in the Annual Report. It forms part of the Group Management Report.

Group Risk Report

› In the Group Risk Report, we give a comprehensive presentation of the risks we are exposed to. We provide a detailed insight into the organisation and key processes of our risk management. Our primary aim is to ensure that all risks in Commerzbank are fully identified, monitored and managed based on adequate procedures at all times.

› Along with a significant reduction of the Non-Core Assets portfolio in the areas of Deutsche Schiffsbank and Commercial Real Estate the focus in financial year 2015 from a risk perspective was on the growth of the Core Bank. In a favourable economic environment in Germany loan loss provisions could be reduced by more than one third and a historically low NPL ratio was reached – evidence of the loan book quality.

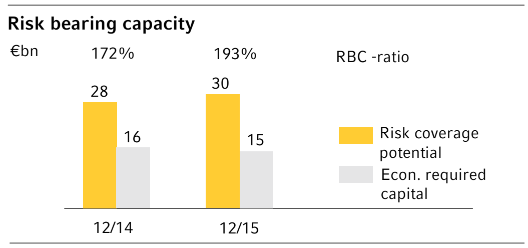
Contents

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

Executive summary 2015

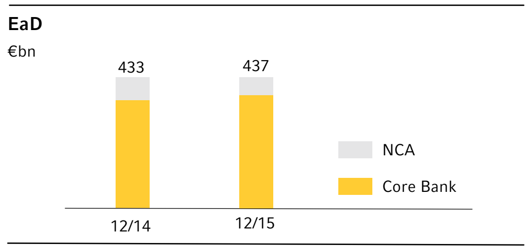
Solid capitalisation and high risk-bearing capacity ratio

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



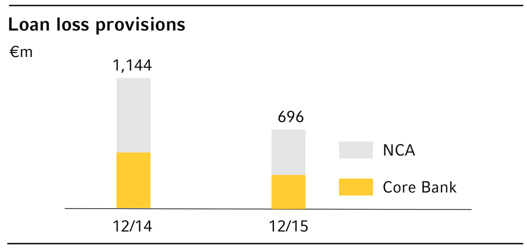
Significant exposure reduction in Non-Core Assets

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



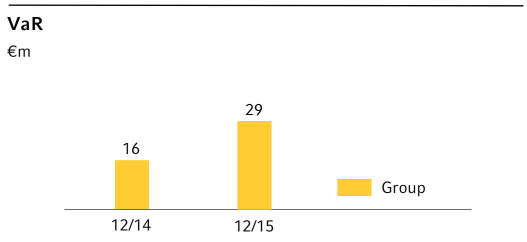
Loan loss provision for the Group decreased by more than one third to €696m

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



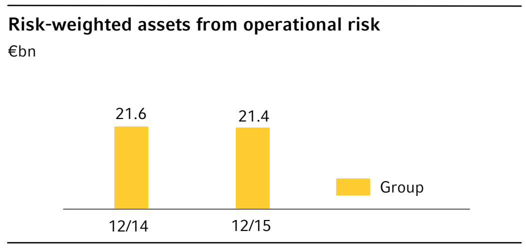
Market risk in the trading book increased in the course of 2015

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



Operational risks remained constant year-on-year

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



Risk-oriented overall bank management

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

Risk management organisation

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

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

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

Figure 6

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

The tasks and competencies of the respective committees are described below:

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

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

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

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

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

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

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

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

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

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

Risk strategy and risk management

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

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

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

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

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

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

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

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

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

Risk ratios

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

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

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

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

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

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

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

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

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

Risk-bearing capacity and stress testing

Risk-bearing capacity analysis is a key part of overall bank management and Commerzbank's ICAAP. The purpose is to ensure that sufficient capital is held at all times.

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

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

The capital requirement for the risks taken is quantified using the internal economic capital model. When assessing the economic capital required, allowance is made for all the types of risk at the Commerzbank Group that are classified as material and quantifiable in the annual risk inventory. The economic risk approach therefore also comprises risk types that are not included in the regulatory requirements for banks' capital adequacy. The model also reflects diversification effects incorporating all types of risk. The confidence level of 99.91% in the economic capital model is in line with the underlying gone concern assumptions and ensures the economic risk-bearing capacity concept is internally consistent. The quantifiable risks in the economic capital model can be divided into default risk, market risk, operational risk and (although not shown separately in table 18 below) business risk, property value change risk, investment portfolio risk and reserve risk. Business risk is the risk of a loss resulting from discrepancies between actual income and expense and the respective budgeted figures. Business risk is considered as a deductible amount in risk coverage potential. Investment portfolio risk indicates the risk of an unexpected fall in the value of unlisted investments. Property value change risk is the risk of an unexpected fall in the value of owned property which is either already booked as an asset in the Group's balance sheet or which can be capitalized during the next twelve months by contractually assured obligations with option character (especially real estate). Reserve risk is the risk of additional charges being incurred on the portfolio of loans already in default through the creation of additional loan loss provisions. Allowance is made for this risk when considering risk-bearing capacity by means of a risk buffer. The results of the risk-bearing capacity analysis are shown using the risk-bearing capacity ratio (RBC ratio), indicating the excess of the risk coverage potential in relation to the economically required capital.

The risk-bearing capacity is monitored and managed monthly at Group level. Risk-bearing capacity is deemed to be assured as long as the RBC ratio is higher than 100%. In 2015, the RBC ratio was consistently above 100% and stood at 193% on 31 December 2015. The RBC ratio remained stable at a high level in the course of the year.

Table 18

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

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

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

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

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

In 2015, the risk-weighted assets resulting from Commerzbank's business activities decreased from €215bn to €198bn. This decrease was primarily attributable to the ongoing reduction in NCA as well as to changes in supervisory requirements for RWA-backing of pension funds.

Table 19 below gives an overview of the distribution of risk-weighted assets, broken down by segment and risk type:

Table 19

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

Regulatory environment

With Basel 3, the Basel Committee on Banking Supervision published among other things comprehensive rules on the components of shareholders' equity and ratios as well as the management of liquidity risk. The Capital Requirements Directive and Regulation (CRD-IV) package of measures, constituting the European implementation of Basel 3, has been in force since 1 January 2014. Since then, numerous supplementary regulations have been published by the European Banking Authority (EBA) in particular, and these will now gradually enter into force in 2016 and in subsequent years. The more stringent capital requirements will be phased in by 2019. Commerzbank has prepared itself for the more stringent capital adequacy requirements by taking a number of steps.

In addition, under Basel 3 the leverage ratio is being introduced as a new and non-risk sensitive debt ratio. Final calibration of the leverage ratio by the Basel Committee on Banking Supervision is intended to be completed by 2016, by 2017 at the latest, and the ratio is scheduled to become a minimum supervisory requirement under pillar 1 from 2018 onwards.

However, there has been a requirement to report the leverage ratio to the supervisory authority since the Capital Requirements Regulation (CRR) entered into force. Commerzbank has set its own leverage ratio targets and applies them in its capital management process.

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

Liquidity risk is to be monitored by means of the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR). The LCR entered into force on 1 October 2015 and is binding on all European banks. The final version of the NSFR, approved by the Basel Committee in October 2014, is expected to enter into force on 1 January 2018. The NSFR's transposition into European law is pending. Commerzbank is already calculating both ratios as part of its regulatory reporting processes and will communicate them in its internal reporting.

The principles for risk data aggregation and internal risk reporting in banks, published by the Basel Committee on Banking Supervision (BCBS) in early 2013, are being implemented as part of a Group-wide project in Commerzbank. Banks of global systemic relevance, along with certain other selected banks, will be obliged to comply fully with the principles from early 2016. Work on implementation will continue in 2016, however, partly on the basis of the supplementary recommendations made by the BCBS in December 2015. Synergies generated by it will be used for the Group-wide project, started in 2015, to implement "AnaCredit". This is a European Central Bank (ECB) initiative under which banks will in future be required to report a host of very detailed data on customers and loans. A first, partial report is to be submitted to the Bundesbank in mid-2017. The ECB's official initial stage begins on 1 March 2018; further stages may follow two years after the respective ECB decision.

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

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

The Group-wide recovery plan came into effect on 1 January 2015 and was updated in December 2015. The recovery plan describes in detail for instance the courses of action and recovery potential available to the Bank in the event of a crisis and which specific recovery measures, in various stress scenarios, will enable the Bank to complete its recovery. As the European and German regulations and requirements are finalised, the Bank will further develop its recovery plan accordingly.

Commerzbank operates in markets subject to national and supranational regulation. In addition, it is subject to the over-arching requirements imposed by accounting standards. Changes in regulatory requirements and accounting standards have significantly grown in frequency and materiality in recent years. They may have lasting implications for the financial industry in general and Commerzbank's business model in particular. Commerzbank participates actively and at an early stage in the consultation processes aimed at preparing for the constant changes in the operating environment. It also monitors and evaluates current developments as regards future regulatory projects. Specific examples of these at global level are the final standards for revising capital requirements for market risks now published by the Basel Committee on Banking Supervision and the work on finalising the rules on interest rate risks in the banking book and the standard approach to credit risks, including the associated floor rules and disclosure requirements. At European level, during 2016 Commerzbank will monitor the European Commission initiatives to introduce a European deposit insurance scheme and establish a capital markets union, and in particular the associated EU securitisation framework and the review of the EU's legal framework for financial services. Commerzbank is also monitoring the EBA's work on revising the internal ratings-based approach (IRBA).

Default risk

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

Strategy and organisation

The credit risk strategy is the partial risk strategy for default risks and is derived from the overall risk strategy. It is embedded in the ICAAP process of the Commerzbank Group and forms a link between the Bank's overall risk management across all risk types and the operationalisation of default risk management. The overriding aim is to ensure the adequate structural risk quality of the credit portfolio. To this end, the credit risk strategy defines the credit risk tolerance, specifies risk strategy priorities, provides an overview of the material credit risk management concepts and thereby plays an integral part in maintaining the Group's risk-bearing capacity. The credit risk strategy makes use of quantitative and qualitative management tools that give decision-makers clear guidance on both portfolio management and decisions in specific cases. Quantitative credit risk strategy guidelines limit risks in the Core Bank portfolio with regard to poorer credit ratings and exposures with high loss-at-default contributions (concentration management). Qualitative management guidelines in the form of credit policies define the target business of the Bank. At the level of individual transactions, they regulate the transaction type with which the risk resources provided are to be used. These credit policies are firmly embedded in the credit process: transactions which do not meet the requirements are escalated through a fixed competence regulation.

In the Core Bank, responsibilities are separated between the performing loan area on the one hand and Intensive Care on the other. Based hereupon, discrete back-office areas are responsible for operational credit risk management on a portfolio and an individual case basis.

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

Higher-risk Core Bank customers are handled by specialist Intensive Care areas. The customers are moved to these areas as soon as they meet defined criteria for assignment or mandatory transfer. The principal reasons for assignment to Intensive Care areas are criteria relating to number of days overdrawn, together with event-related criteria such as rating, third-party enforcement measures or credit fraud. Intensive Care decides on further action based on the circumstances of individual cases. Customers must be transferred to Intensive Care if they are in default (for example due to insolvency). This graduated approach ensures that higher-risk customers can continue to be managed promptly by specialists in a manner appropriate to the risks involved and in defined standardised processes.

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

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

For business in Public Finance, the reduction is primarily through regular maturities of assets. Market opportunities that arise are used in a targeted way for the sale of individual assets.

Risk management

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

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

The Core Bank's operational credit risk management still aims to preserve the good portfolio quality achieved. It still focuses on supporting growth in the Core Bank's granular lending business and on limiting risks with regard to poorer credit ratings and exposures with high loss-at-default contributions (concentration management). The Bank also continually carries out checks of its credit processes to identify possible improvement measures. The concern is not only to provide staff with ongoing training and development, but also to reinforce a uniform risk culture throughout the Group and in particular to increase compliance awareness.

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

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

Back-office activities in domestic corporate customer business are organised by industry sector, which makes it possible to directly identify issues at sub-portfolio level and implement appropriate measures at individual loan level. This organisation by sector ensures the effectiveness and efficiency of preventative measures and enhances forecasting quality in respect of the development of risk.

Critical events and constantly changing regulatory requirements make responsive credit portfolio management essential, and so ensuring that the credit portfolio is sufficiently flexible is another key action field in credit risk management.

Management of economic capital commitment

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

Figure 7

Overview of management instruments and levels

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

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

Rating classification

The Commerzbank rating method comprises 25 rating classes for loans not in default (1.0 to 5.8) and five default classes (6.1 to 6.5). The Commerzbank master scale allocates a non-overlapping range of probabilities of default that are stable over time to each rating class. The rating methods are validated and recalibrated annually so that they reflect the latest projection based on all actual observed defaults. The default ranges assigned to the ratings are the same for all portfolios and remain stable over time. This ensures internal comparability consistent with the master scale method. For the purpose of guidance, the Commerzbank master scale also shows external ratings as well as credit quality steps in accordance with Article 136 CRR. However, a direct reconciliation is not possible, because external ratings of different portfolios show fluctuating default rates from year to year.

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

Figure 8
Commerzbank master scale

Commerzbank AG rating	PD and EL mid-point %	PD and EL range %	S&P scale		Credit quality steps in accordance with Article 136 CRR[1]	
1.0	0	0	AAA	AAA	I	Investment grade
1.2	0.01	0–0.02				
1.4	0.02	0.02–0.03	AA+	AA		
1.6	0.04	0.03–0.05	AA, AA–		II	
1.8	0.07	0.05–0.08	A+, A	A		
2.0	0.11	0.08–0.13	A–			
2.2	0.17	0.13–0.21	BBB+	BBB	III	
2.4	0.26	0.21–0.31	BBB			
2.6	0.39	0.31–0.47				
2.8	0.57	0.47–0.68	BBB–			
3.0	0.81	0.68–0.96	BB+	BB	IV	Non-investment grade
3.2	1.14	0.96–1.34	BB			
3.4	1.56	1.34–1.81				
3.6	2.10	1.81–2.40	BB–			
3.8	2.74	2.40–3.10	B+	B	V	
4.0	3.50	3.10–3.90				
4.2	4.35	3.90–4.86	B			
4.4	5.42	4.86–6.04				
4.6	6.74	6.04–7.52				
4.8	8.39	7.52–9.35	B–			
5.0	10.43	9.35–11.64				
5.2	12.98	11.64–14.48	CCC+, CCC, CCC–, CC, C	CCC, CC, C	VI	
5.4	16.15	14.48–18.01				
5.6	20.09	18.01–22.41				
5.8	47.34	22.41–99.99				
6.1	100	>90 days past due	D			Default
6.2		Imminent insolvency				
6.3		Restructuring with recapitalisation				
6.4		Termination without insolvency				
6.5		Insolvency				

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

Management of risk concentrations

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

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

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

Risk mitigation

The collateral taken into account in risk management is mostly assigned to portfolios at Commerzbank Aktiengesellschaft and Hypothekenbank Frankfurt AG. It totals €96bn for the exposures in the performing book and €2.5bn in the default portfolio. In the Private Customers segment, the collateral predominantly consists of mortgages on owner-occupied and buy-to-let residential property. In Mittelstandsbank and in Corporates & Markets, collateral is spread over various types of security. These mainly relate to mortgages on commercial properties and various forms of guarantees. The portfolio in the Central & Eastern Europe segment is mainly secured by mortgages. In the Non-Core Assets segment, collateral in the Commercial Real Estate sub-segment mainly relates to commercial land charges and also to charges on owner-occupied and buy-to-let properties. The ship finance portfolio is mostly backed by ship mortgages.

Commerzbank Group

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

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

Credit risk parameters

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

Table 20

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

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

Table 21

Rating breakdown as at 31.12.2015 EaD | %	1.0 –1.8	2.0 –2.8	3.0 –3.8	4.0 –4.8	5.0 –5.8
Core Bank	30	52	14	3	1
Non-Core Assets	30	41	17	6	6
Group	**30**	**50**	**14**	**3**	**2**

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

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

Table 22

Group portfolio by region as at 31.12.2015	Exposure at default €bn	Expected loss €m	Risk density bp
Germany	218	439	20
Western Europe	104	357	34
Central and Eastern Europe	40	190	48
North America	32	35	11
Asia	24	50	21
Other	20	451	220
Group	**437**	**1,520**	**35**

Around half of the Bank's exposure relates to Germany, another third to other countries in Europe and 7% to North America. The rest is broadly diversified and is split among a large number of countries where we serve German exporters in particular or where Commerzbank has a local presence. The expected loss of the Group portfolio is mainly divided between Germany and Western Europe. A main driver of the expected loss in the region "Other" is ship finance.

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

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

Loan loss provisions

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

Write-downs on securities are not recognised in loan loss provisions but in net investment income. The Note (36) to the consolidated financial statements gives further details on this.

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

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

Table 23

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

Default portfolio

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

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

Table 24

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

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

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

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

Table 25 below shows the breakdown of the default portfolio based on the five default classes:

Table 25

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

Overdrafts in the performing loan book

In order to avoid an increase in the default portfolio, overdrafts are closely monitored at Commerzbank. In addition to the 90 days-past-due trigger event, IT-based management of overdrafts starts on the first day the account is overdrawn. Table 26 below shows overdrafts outside the default portfolio based on the exposure at default as at end of December 2015.

Table 26

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

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

Core Bank

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

Credit risk parameters

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

Table 27

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

[1] Mainly Treasury positions.

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

Table 28

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

[1] Including Others and Consolidation.

Loan loss provisions

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

Table 29

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

Default portfolio

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

Table 30

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

Overdrafts in the performing loan book

Table 31 below shows the volume of overdrafts outside the default portfolio based on the exposure at default as at the end of December 2015:

Table 31

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

[1] Including Others and Consolidation.

Private Customers

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

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

Table 32

Credit risk parameters as at 31.12.2015	Exposure at default €bn	Expected loss €m	Risk density bp
Residential mortgage loans	57	71	13
Investment properties	5	4	10
Individual loans	14	32	23
Consumer and instalment loans/credit cards	10	22	22
Domestic subsidiaries	4	9	24
Foreign subsidiaries and other	12	20	17
Private Customers	**101**	**159**	**16**

We meet the financing needs of our customers with a broad and modern product range. The focus of the portfolio is on traditional owner-occupied home financing and the financing of real estate capital investments (residential mortgage loans and investment properties with a total EaD of €61bn). We provide our business customers with credit in the form of individual loans with a volume of €14bn. In addition, we meet our customers' day-to-day demand for credit with consumer loans (consumer and instalment loans, credit cards to a total of €10bn).

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

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

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

Table 33

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

Mittelstandsbank

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

Table 34

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

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

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

For details of developments in the Financial Institutions portfolio please see page 130.

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

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

Table 35

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

Central & Eastern Europe

The Central & Eastern Europe segment contains the Group's universal banking and direct banking activities in Central and Eastern Europe. The segment is represented by mBank. It provides retail, corporate and investment banking services for customers in Poland, and retail banking services for customers in the Czech Republic and Slovakia. The Central & Eastern Europe segment's strategic focus is on organic growth in Polish small and medium-sized businesses and private customer business in mBank's core markets.

Table 36

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

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

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

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

Table 37

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

Corporates & Markets

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

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

Table 38

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

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

There is also a focus on close monitoring of counterparties (such as banks and broker dealers) in countries with higher risks, particularly in terms of backed trading activities. The aim is to continue supporting our customers in these countries and to concentrate on supporting highly flexible business. The strategy of Corporates & Markets with large corporate customers in these critical countries remains unchanged.

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

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

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

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

Table 39

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

Non-Core Assets

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

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

Table 40

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

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

Table 41

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

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

Table 42

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

[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.

Commercial Real Estate

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

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

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

Table 43

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

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

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

Table 44

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

Deutsche Schiffsbank

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

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

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

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

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

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

Table 45

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

Public Finance

In its NCA segment, Commerzbank brings together a substantial part of its public finance business and secured and unsecured bond issues/loans from banks, held available particularly as substitute cover for Pfandbrief issues. The receivables and securities in the Public Finance portfolio are held in our subsidiaries Hypothekenbank Frankfurt and Erste Europäische Pfandbrief- und Kommunalkreditbank, among others. Management of the NCA Public Finance portfolio is divided between Corporates & Markets and Group Treasury.

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

The remaining Public Finance portfolio in NCA is accounted for by banks (€6bn EaD), with the focus likewise on Western Europe. Most of the bank portfolio comprises securities and loans which to a large extent are covered by guarantee/maintenance obligations or other public guarantees, or were issued in the form of covered bonds.

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

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

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

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

The Public Finance default portfolio, at €8m, was almost unchanged compared with the previous year.

Further portfolio analyses

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

Corporates portfolio by sector

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

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

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

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

Table 46

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

Financial Institutions portfolio

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

Table 47

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

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

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

Table 48

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

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

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

Table 49

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

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

Conduit exposure and other asset-backed exposures

Commerzbank is the sponsor of the multiseller asset-backed commercial paper conduit Silver Tower. It uses it to securitise receivables from customers in the Mittelstandsbank and Corporates & Markets segments, in particular from trade and leasing. The transactions are financed predominantly through the issue of asset-backed commercial papers (ABCPs) or through the drawing of credit lines (liquidity lines). The volume and risk values in the Silver Tower conduit fell slightly by €0.2bn year-on-year in 2015, and as at 31 December 2015 stood at €3.2bn.

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

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

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

Forbearance portfolio

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

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

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

Table 50

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

The forbearance portfolio by region is as follows:

Table 51

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

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

Market risk

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

Strategy and organisation

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

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

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

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

Risk management

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

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

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

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

A standardised value at risk model (historical simulation) incorporating all positions is used for the internal management of market risk. The VaR quantifies the potential loss from financial instruments as a result of changed market conditions over a predefined time horizon and with a specific probability.

For internal management purposes, a confidence level of 97.5% and a holding period of one day are assumed. The value at risk concept makes it possible to compare risks over a variety of business areas. It enables many positions to be aggregated, taking account of correlations between different assets. This ensures a consolidated view of the market risk at all times.

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

In internal management, all positions relevant to market risk are covered, and trading and banking book positions are jointly managed. For regulatory purposes, additional stand-alone management of the trading book is carried out (including currency and commodity risks in the banking book in accordance with regulatory requirements).

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

Table 52

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

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

Trading book

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

Table 53

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

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

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

The VaR trend in 2015 shows a marked increase in foreign exchange risks. Credit spread risks, interest rate risks and equity price risks rose slightly in 2015. Commodity risks remained stable on a low level.

Table 54

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

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

Further risk ratios are calculated for regulatory capital adequacy. This includes in particular the calculation of the stressed VaR. On the basis of the VaR method described above, the stressed VaR evaluates the present position in the trading book by reference to market movements from a specified crisis period in the past. The stressed VaR on the reporting date was €27m, representing a decrease of €10m compared with year-end 2014, attributable mainly to position changes in the Treasury. The specified crisis observation period is checked regularly through model validation and approval processes and adjusted where necessary. The crisis observation period was not changed in the course of the year.

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

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

Analysing the results of backtesting provides an informative basis for checking parameters and for improving the market risk model. In 2015, we saw three negative clean P&L outliers. There were no dirty P&L outliers during the same period. As such, the results are in line with statistical expectations and confirm the quality of the VaR model. Backtesting is also used by the supervisory authorities for evaluating internal risk models. Negative outliers are classified by means of a traffic-light system laid down by the supervisory authorities. All negative backtesting outliers at Group level (from both clean P&L and dirty P&L) must be reported to the supervisory authorities, citing their extent and cause.

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

The VaR and stress test models are validated regularly. In 2015, model adjustments were implemented that further improved the accuracy of risk measurement.

Banking book

The key drivers of market risk in the banking book are the credit spread risks in the area of Non-Core Assets – Public Finance, including the positions held by the subsidiaries Hypothekenbank Frankfurt and Erste Europäische Pfandbrief- und Kommunalkreditbank. In 2015, we are continuing systematically with the downsizing strategy that we have followed rigorously in this area for many years. The Treasury portfolios with their credit spread risk, interest rate risk and basis risk also influence the market risk in the banking book.

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

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

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

On this basis, the interest rate shift of +200 basis points would give a potential loss of €1,784m, and the shift of −200 basis points a potential gain of €1,141m as at 31 December 2015. These figures include the exposures of Commerzbank Aktiengesellschaft and significant subsidiaries.

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

Market liquidity risk

In measuring economic capital adequacy, Commerzbank also takes account of market liquidity risk. This is the risk of the Bank not being able to liquidate or hedge risky positions in a timely manner, to the desired extent and on acceptable terms as a result of insufficient liquidity in the market.

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

As at the end of 2015, Commerzbank had earmarked €0.2bn in economic capital to cover market liquidity risk in the trading and banking book. Asset-backed securities and structured products in particular had a higher market liquidity risk.

Liquidity risk

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

Strategy and organisation

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

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

Risk management

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

Group Treasury is responsible for the Group's liquidity management operations. Group Treasury is represented in all major locations of the Group in Germany and abroad and has reporting lines into all subsidiaries. Additional information on this subject can be found in the section "Funding and liquidity of the Commerzbank Group" in the Group Management Report. Liquidity risk is monitored on the basis of the Bank's own liquidity risk model by the independent risk function.

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

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

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

Quantification and stress testing

The setting of liquidity risk modelling parameters taking regulatory requirements into account and the adjustment of limits are described in Commerzbank's liquidity risk framework. The combination of modelling and limits provides the basis for quantifying our liquidity risk tolerance, which is in line with the overall risk strategy.

The liquidity gap profile is shown for the whole of the modelling horizon across the full spectrum of maturities and follows a multi-level concept. The levels 1 to 5 include deterministic and modelled cash flows of existing business while planned new business is considered in the calculus on levels 6 and 7.

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

In 2015, Commerzbank's internal as "recovery indicators" defined liquidity risk ratios, including the regulatory liquidity coverage ratio (LCR), were at all times within the limits set by the Board of Managing Directors. The same is true of compliance with the survival period calculation set down by MaRisk and with the external regulatory German Liquidity Regulation; at the end of the year, the liquidity ratio stood at 1.55.

Significant factors in liquidity risk tolerance include the reserve period, the size of the liquidity reserve portfolio held to compensate for unexpected short-term liquidity outflows, and the limits in the various maturity bands. In order to ensure that it functions as a buffer in stress situations, the liquidity reserve portfolio is maintained and monitored separately by the Treasury. The liquidity reserve portfolio is funded in line with liquidity risk tolerance in order to ensure that it is kept at the required size throughout the entire reserve period stipulated by the Board of Managing Directors.

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

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

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

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

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

Operational risk

Based on the Capital Requirements Regulation (CRR), Commerzbank defines operational risk (OpRisk) as the risk of loss resulting from the inadequacy or failure of internal processes, people and systems or from external events. This definition includes legal risks; it does not cover reputational or strategic risks. Given its heightened economic significance, compliance risk is managed as a separate risk type by Commerzbank's compliance function. In line with the CRR, however, losses from compliance risks are still incorporated into the model for determining regulatory and economic capital for operational risks.

Strategy and organisation

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

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

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

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

Risk management

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

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

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

Commerzbank uses the advanced measurement approach (AMA) to measure regulatory and economic capital for operational risks. Risk-weighted assets from operational risks on this basis amounted to €21.4bn at the end of 2015 (31 December 2014: €21.6bn), while economically required capital was €1.8bn (31 December 2014: €1.8bn).

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

Table 55

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

Table 56

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

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

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

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

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

Other risks

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

Legal risk

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

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

Organisation

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

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

Risk management

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

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

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

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

Current developments

Commerzbank and its subsidiaries are involved in a variety of court and arbitration cases, claims and official investigations (legal proceedings) in connection with a broad range of issues. They include, for example, allegations of defective advice, disputes in connection with credit finance, entitlements to occupational pensions, allegedly false accounting and incorrect financial statements, enforcement of claims due to tax issues, allegedly incorrect prospectuses in connection with underwriting transactions, and cases brought by shareholders and other investors as well as investigations by US authorities. In addition, changes to rulings by supreme courts, which may render them more restrictive, in private customers business and elsewhere, may result in more claims being brought against Commerzbank or its subsidiaries. In most of these court cases, claimants are asking for the payment of compensation or the reversal of agreements already entered into. If the courts were to find in favour of one or more of the claimants in these cases, Commerzbank could be liable to pay compensation, which could in some cases be substantial, or could incur the expense of reversing agreements or of other cost-intensive measures. Supervisory and other authorities in various countries in which Commerzbank Aktiengesellschaft and its subsidiaries were or still are active have for some years been investigating manipulations and other irregularities in connection with the fixing of exchange rates and with foreign exchange business in general. In the course of these investigations, authorities have also sought checks on Commerzbank Aktiengesellschaft or have approached the company with requests for information. Commerzbank Aktiengesellschaft is cooperating fully with the bodies conducting the ongoing investigations and has for some time also been carrying out its own; to date, action under employment law has been taken against one employee of a subsidiary company.

Some of these cases could also have an impact on the reputation of Commerzbank and of its subsidiaries. The Group builds up reserves for such proceedings if liabilities are likely to result from them and the amounts to which the Group is likely to be liable can be sufficiently accurately determined. As there are considerable uncertainties as to how such proceedings will develop, the possibility cannot be excluded that some of the reserves created for them prove to be inadequate once the courts' final rulings are known. As a result, substantial additional expense may be incurred. This is also true in the case of legal proceedings for which the Group did not consider it necessary to create reserves. The eventual outcome of some legal proceedings might have an impact on Commerzbank's results and cash flow in a specified reporting period; in the worst case it cannot be fully ruled out that the liabilities that might result from them may also have a significant impact on Commerzbank's earnings performance, assets and financial position.

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

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

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

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

Further information on legal proceedings may be found in Note (68) regarding provisions and Note (87) regarding contingent liabilities and irrevocable lending commitments in the Group Financial Statements.

Reputational risk

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

Strategy and organisation

All employees and managers have a fundamental duty to protect and reinforce Commerzbank's good reputation as a material element of its enterprise value. The segments and significant subsidiaries bear direct responsibility for reputational risk resulting from their particular business activity. The Reputational Risk Management department is part of the central Group Communications division of the Commerzbank Group and focuses on intrinsic reputational risk that may directly lead to reputational damage for stakeholder groups. As such, the management of intrinsic reputational risk is the responsibility of the Chairman of the Board of Managing Directors and close links are maintained for this purpose with the relevant market units. It is a component of Commerzbank's overall risk strategy and is subject to internal and external reviews. Its task is to identify, evaluate and address intrinsic reputational risk in systematic processes at an early stage and suggest or implement appropriate measures (early warning function).

Risk management

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

The sensitive areas regularly and comprehensively analysed in Reputational Risk Management include armaments exports and transactions, products and customer relationships relating to power generation and commodities extraction. Commerzbank's attitude towards these areas is laid down in positions and guidelines that are binding for all employees. Commerzbank's Reputational Risk Management department regularly observes and analyses new environmental, ethical and social issues and forwards them to the relevant parts of the Bank. The reputational risks identified and addressed by the department are incorporated into the quarterly report on non-quantifiable risks prepared for the Supervisory Board's Risk Committee and the quarterly report on major reputational risks prepared for the CFO and the relevant segment boards.

Compliance risk

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

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

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

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

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

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

IT risk

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

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

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

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

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

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

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

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

Given the major importance of IT security to Commerzbank, it is continually further developed and improved by means of strategic projects about which the Board is kept informed on a regular basis. In this context, a detailed and complete overview of the status of implementation of our security specifications was also drawn up in 2015, and a new Security Enforcement & Control unit was established to further improve the information security control structure. Our plans for 2016 include the implementation of specific improvements in our IT security mechanisms and in particular measures to further enhance the awareness of security issues. We also plan to adapt the cyber crime risk scenario evaluated as part of the operational risk management. The risks of the advanced persistent threat (APT)[1], which are part of the cyber crime risk scenario, are planned to be moved into an additional and independent risk scenario and to be described in greater detail.

Human resources risk

Human resources risk falls within the definition of operational risk referred to in the Capital Requirements Regulation (CRR). The internal, management oriented interpretation of this definition at Commerzbank includes the following elements in human resources risk:

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

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

Departure risk: We take great care to ensure that the absence or departure of employees does not result in long-term disruptions to our operations. We also monitor staff turnover on a regular basis from both a quantitative and a qualitative perspective.

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

Employees are a key resource for Commerzbank. Our success is based on the specialist knowledge, skills, abilities and motivation of our employees. Human resources risk is systematically managed by Group Human Resources with the aim of identifying, assessing and managing risks as early as possible, for instance by applying selected personnel tools. The Board of Managing Directors is regularly informed about human resources risk. In addition, systematic and strategic personnel planning helps to put the management of medium and long-term human resources risks on a more professional footing. This was confirmed by the pilot projects completed at the end of 2015. Preparations are currently being made for the Bank-wide introduction of strategic personnel planning.

Business strategy risk

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

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

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

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

Model risk

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

The basic principles of model risk management are the identification and avoidance of model risks and appropriate consideration of known model risks (e.g. through conservative calibration or consideration of model reserves). Model risks that are unknown and hence cannot be mitigated are accepted as an inherent risk in the complexity of the Commerzbank business model. In respect of the governance of model risk management requirements relating to model validation and model changes are established.

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

Disclaimer

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

Group Financial Statements

› Our Group Accounts are drawn up in accordance with International Financial Reporting Standards (IFRS) and their interpretation by the IFRS Interpretations Committee. We have taken account of all the standards and interpretations that are binding in the European Union for the financial year 2015.

Financial Statements of the Commerzbank Group as at 31 December 2015

Contents

Statement of comprehensive income

Income statement

€m	Notes	1.1.–31.12.2015	1.1.–31.12.2014[1]	Change in %
Interest income	(31)	11,616	12,214	– 4.9
Interest expenses	(31)	5,837	6,857	– 14.9
Net interest income	(31)	5,779	5,357	7.9
Loan loss provisions	(32)	– 696	– 1,144	– 39.2
Net interest income after loan loss provisions		5,083	4,213	20.7
Commission income	(33)	4,067	3,834	6.1
Commission expense	(33)	643	574	12.0
Net commission income	(33)	3,424	3,260	5.0
Net trading income	(34)	559	580	– 3.6
Net income from hedge accounting	(35)	– 60	16	.
Net trading income and net income from hedge accounting	(34, 35)	499	596	– 16.3
Net investment income	(36)	– 7	82	.
Current net income from companies accounted for using the equity method	(37)	82	44	86.4
Other net income	(38)	– 15	– 577	– 97.4
Operating expenses	(39)	7,157	6,929	3.3
Restructuring expenses	(40)	114	61	86.9
Pre-tax profit or loss		**1,795**	**628**	**.**
Taxes on income	(41)	618	256	.
Consolidated profit or loss		**1,177**	**372**	**.**
Consolidated profit or loss attributable to non-controlling interests		115	106	8.5
Consolidated profit or loss attributable to Commerzbank shareholders		1,062	266	.

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

Earnings per share | €		1.1.–31.12.2015	1.1.–31.12.2014[1]	Change in %
Earnings per share	(43)	0.88	0.23	.

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

Earnings per share, calculated in accordance with IAS 33, are based on the consolidated profit or loss attributable to Commerzbank shareholders. As in the previous year, no conversion or option rights were outstanding during the financial year. The figure for diluted earnings per share was therefore identical to the undiluted figure.

Condensed statement of comprehensive income

€m	Notes	1.1.–31.12.2015	1.1.–31.12.2014[1]	Change in %
Consolidated profit or loss		1,177	372	.
Change from remeasurement of defined benefit plans not recognised in income statement		212	–566	.
Change from non-current assets or disposal groups held of sale not recognised in income statement		–	–	.
Change in companies accounted for using the equity method		0	0	.
Items not recyclable through profit or loss		212	–566	.
Change in revaluation reserve	(73)			
Reclassified to income statement		–62	–73	–15.1
Change in value not recognised in income statement		495	334	48.2
Change in cash flow hedge reserve	(73)			
Reclassified to income statement		84	113	–25.7
Change in value not recognised in income statement		3	–2	.
Change in currency translation reserve	(73)			
Reclassified to income statement		7	68	–89.7
Change in value not recognised in income statement		155	–94	.
Change from non-current assets and disposal groups held for sale				
Reclassified to income statement		–67	–1	.
Change in value not recognised in income statement		0	–	.
Change in companies accounted for using the equity method		8	5	60.0
Items recyclable through profit or loss		623	350	78.0
Other comprehensive income		835	–216	.
Total comprehensive income		**2,012**	**156**	**.**
Comprehensive income attributable to non-controlling interests		118	108	9.3
Comprehensive income attributable to Commerzbank shareholders		1,894	48	.

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

Group Financial Statements

The breakdown of other comprehensive income for the financial year 2015 was as follows:

Other comprehensive income | €m	**1.1.–31.12.2015**		
	Before taxes	**Taxes**	**After taxes**
Change from remeasurement of defined benefit plans	335	–123	212
of which companies accounted for using the equity method	0	–	0
of which non-current assets or disposal groups held for sale	–	–	–
Change in revaluation reserve	551	–118	433
Change in cash flow hedge reserve	125	–38	87
Change in currency translation reserve	162	0	162
Change from non-current assets and disposal groups held for sale	–72	5	–67
Change in companies accounted for using the equity method	8	–	8
Other comprehensive income	**1,109**	**–274**	**835**

In the previous year, other comprehensive income developed as follows:

Other comprehensive income | €m	**1.1.–31.12.2014**[1]		
	Before taxes	**Taxes**	**After taxes**
Change from remeasurement of defined benefit plans	–862	296	–566
of which companies accounted for using the equity method	0	–	0
of which non-current assets or disposal groups held for sale	–	–	–
Change in revaluation reserve	363	–102	261
Change in cash flow hedge reserve	163	–52	111
Change in currency translation reserve	–26	0	–26
Change from non-current assets and disposal groups held for sale	–1	–	–1
Change in companies accounted for using the equity method	5	–	5
Other comprehensive income	**–358**	**142**	**–216**

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

Balance sheet

Assets | €m	Notes	31.12.2015	31.12.2014[1]	Change in %	1.1.2014[2]
Cash reserve	(7, 46)	28,509	4,897	.	12,397
Claims on banks	(8, 9, 10, 47, 49, 50, 79)	71,810	80,314	– 10.6	87,992
of which pledged as collateral	(78)	–	–	.	29
Claims on customers	(8, 9, 10, 48, 49, 50, 79)	218,875	233,377	– 6.2	246,508
of which pledged as collateral	(78)	–	–	.	–
Value adjustment on portfolio fair value hedges	(11, 51)	284	415	– 31.6	74
Positive fair values of derivative hedging instruments	(12, 52)	3,031	4,456	– 32.0	3,641
Trading assets	(13, 53, 79)	114,684	130,343	– 12.0	103,616
of which pledged as collateral	(78)	2,876	5,532	– 48.0	3,601
Financial investments	(14, 54, 79)	81,939	90,358	– 9.3	82,051
of which pledged as collateral	(78)	508	569	– 10.7	1,921
Holdings in companies accounted for using the equity method	(4, 55)	735	677	8.6	719
Intangible assets	(15, 56)	3,525	3,330	5.9	3,207
Fixed assets	(16, 57)	1,437	1,916	– 25.0	1,768
Investment properties	(18, 59)	106	620	– 82.9	638
Non-current assets and disposal groups held for sale	(19, 60)	846	421	.	1,166
Current tax assets	(26, 58)	512	716	– 28.5	812
Deferred tax assets	(26, 58)	2,836	3,426	– 17.2	3,217
Other assets	(17, 61)	3,512	3,051	15.1	2,958
Total		**532,641**	**558,317**	**– 4.6**	**550,764**

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).
[2] 1 January 2014 is equivalent to 31 December 2013 (as published in the 2014 annual report) after the restatements (see page 161 ff.).

Liabilities and equity | €m	Notes	31.12.2015	31.12.2014[1]	Change in %	1.1.2014[2]
Liabilities to banks	(10, 20, 62, 79)	83,154	99,845	– 16.7	77,686
Liabilities to customers	(10, 20, 63, 79)	257,615	249,280	3.3	277,478
Securitised liabilities	(20, 64, 79)	40,605	48,811	– 16.8	64,642
Value adjustment on portfolio fair value hedges	(11, 65)	1,137	1,278	– 11.0	714
Negative fair values of derivative hedging instruments	(21, 66)	7,406	9,355	– 20.8	7,655
Trading liabilities	(22, 67, 79)	86,443	97,163	– 11.0	71,010
Provisions	(23, 24, 68)	3,326	5,272	– 36.9	3,893
Current tax liabilities	(26, 69)	401	316	26.9	322
Deferred tax liabilities	(26, 69)	106	131	– 19.1	83
Liabilities from disposal groups held for sale	(19, 70)	1,073	142	.	24
Other liabilities	(71)	9,110	7,333	24.2	6,538
Subordinated debt instruments	(27, 72, 79)	11,858	12,358	– 4.0	13,714
Equity	(30, 73, 74, 75)	30,407	27,033	12.5	27,005
Subscribed capital	(73)	1,252	1,139	9.9	1,139
Capital reserve	(73)	17,192	15,928	7.9	15,928
Retained earnings	(73)	11,740	10,462	12.2	10,737
Other reserves	(5, 6, 14, 73)	– 781	– 1,402	– 44.3	– 1,749
Total before non-controlling interests		29,403	26,127	12.5	26,055
Non-controlling interests	(73)	1,004	906	10.8	950
Total		**532,641**	**558,317**	**– 4.6**	**550,764**

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).
[2] 1 January 2014 is equivalent to 31 December 2013 (as published in the 2014 annual report) after the restatements (see page 161 ff.).

Statement of changes in equity

€m	Subscribed capital	Capital reserve	Retained earnings	Other reserves			Total before non-controlling interests	Non-controlling interests	Equity
				Revaluation reserve	Cash flow hedge reserve	Currency translation reserve			
Equity as at 31.12.2013	**1,139**	**15,928**	**10,660**	**–1,195**	**–357**	**–192**	**25,983**	**950**	**26,933**
Change due to retrospective adjustments			77	–5			72		72
Equity as at 1.1.2014	**1,139**	**15,928**	**10,737**	**–1,200**	**–357**	**–192**	**26,055**	**950**	**27,005**
Total comprehensive income	–	–	–299	237	111	–1	48	108	156
Consolidated profit or loss			266				266	106	372
Change from remeasurement of defined benefit plans			–565				–565	–1	–566
Change in revaluation reserve				237			237	24	261
Change in cash flow hedge reserve					111		111		111
Change in currency translation reserve						–5	–5	–21	–26
Change from non-current assets and disposal groups held for sale						–1	–1		–1
Change in companies accounted for using the equity method						5	5		5
Dividend paid on shares							–	–62	–62
Reverse stock split							–		–
Capital increases							–		–
Withdrawal from retained earnings							–		–
Changes in ownership interests			–5				–5	–89	–94
Other changes[1]			29				29	–1	28
Equity as at 31.12.2014	**1,139**	**15,928**	**10,462**	**–963**	**–246**	**–193**	**26,127**	**906**	**27,033**

[1] If relevant for the reporting period, other changes mainly comprise changes in the group of consolidated companies, changes in treasury shares and changes in derivatives on own equity instruments.

The retrospective restatement of retained earnings and the revaluation reserve as at 1 January 2014 resulted from the launch of a new IT system plus other restatements (see page 161 ff.).

€m	Sub-scribed capital	Capital reserve	Retained earnings	Other reserves			Total before non-controlling interests	Non-controlling interests	Equity
				Revalu-ation reserve	Cash flow hedge reserve	Currency translation reserve			
Equity as at 31.12.2014	**1,139**	**15,928**	**10,462**	**– 963**	**– 246**	**– 193**	**26,127**	**906**	**27,033**
Total comprehensive income	–	–	1,273	366	87	168	1,894	118	2,012
Consolidated profit or loss			1,062				1,062	115	1,177
Change from remeasurement of defined benefit plans			211				211	1	212
Change in revaluation reserve				432			432	1	433
Change in cash flow hedge reserve					87		87		87
Change in currency translation reserve						161	161	1	162
Change from non-current assets and disposal groups held for sale				– 66		– 1	– 67		– 67
Change in companies accounted for using the equity method						8	8		8
Dividend paid on shares							–	– 11	– 11
Reverse stock split							–		–
Capital increases	113	1,264	– 5				1,372		1,372
Withdrawal from retained earnings							–		–
Changes in ownership interests			– 1				– 1	– 2	– 3
Other changes[1]			11				11	– 7	4
Equity as at 31.12.2015	**1,252**	**17,192**	**11,740**	**– 597**	**– 159**	**– 25**	**29,403**	**1,004**	**30,407**

[1] If relevant for the reporting period, other changes mainly comprise changes in the group of consolidated companies, changes in treasury shares and changes in derivatives on own equity instruments.

The subscribed capital of Commerzbank Aktiengesellschaft pursuant to the Bank's articles of association stood at €1,252m as at 31 December 2015 and was divided into 1,252,357,634 no-par-value shares with an accounting value per share of €1.00. On 28 April 2015 we increased our share capital by 113,850,693 new shares from authorised capital. The shares were placed with institutional investors on 28 April 2015 by means of an accelerated bookbuilding process and have full dividend rights for the financial year 2015. The issue price was €12,10 per share and led to an increase of €113m in subscribed capital and €1,264m in the capital reserve. The costs incurred in this capital action were €5m, which were recognised in retained earnings.

A proposal to pay a dividend of €0.20 per share out Commerzbank Aktiengesellschaft's net profit will be put before the AGM. With 1,252,357,634 shares in issue this produces a total distribution amount of €250m. No dividend was paid in 2014.

No treasury shares were held as at 31 December 2015. The Bank did not make use of the authorisation approved by the Annual General Meeting of 19 May 2010 to purchase its own shares for the purpose of securities trading, pursuant to Art. 71 (1) no. 7 of the German Stock Corporation Act (Aktiengesetz). Gains and losses from trading in the Bank's own shares are recognised directly in equity.

As at 31 December 2015 €70m of the revaluation reserve was accounted for by assets and disposal groups held for sale. The changes in ownership interests of €–1m in financial year 2015 resulted from the acquisition of shares in subsidiaries that were already consolidated.

Further details on equity are contained in Notes 73, 74 and 75.

Cash flow statement

€m	Notes	2015	2014[1]
Consolidated profit or loss		**1,177**	**372**
Non-cash positions in consolidated profit or loss and reconciliation with cash flow from operating activities:			
Write-downs, depreciation, write-ups on fixed and other assets, changes in provisions and net changes due to hedge accounting		663	3,813
Change in other non-cash positions		2,191	4,037
Gain or loss on disposal of assets	(36)	– 246	– 78
Net gain or loss on the sale of fixed assets	(38)	2	– 3
Other adjustments	(31)	– 5,503	– 5,370
Sub-total		**– 1,716**	**2,771**
Change in assets and liabilities from operating activities after adjustment for non-cash positions:			
Claims on banks	(47)	8,532	7,659
Claims on customers	(48)	16,303	14,120
Trading securities	(53)	3,035	– 3,101
Other assets from operating activities	(54-57, 59-61)	– 901	326
Liabilities to banks	(62)	– 16,691	22,159
Liabilities to customers	(63)	8,335	– 28,198
Securitised liabilities	(64)	– 8,206	– 15,831
Net cash from contributions into plan assets	(68)	– 47	– 2
Other liabilities from operating activities	(65-71)	408	– 2,307
Interest received	(31)	9,881	10,093
Dividends received	(31)	188	210
Interest paid	(31)	– 4,566	– 4,933
Income tax paid	(41)	166	131
Net cash from operating activities		**14,721**	**3,097**
Proceeds from the sale of:			
Financial investments and holdings in companies accounted for using the equity method	(36, 37, 54, 55)	8,580	145
Fixed assets	(38, 57)	34	22
Payments for the acquisition of:			
Financial investments and holdings in companies accounted for using the equity method	(36, 37, 54, 55)	– 252	– 8,339
Fixed assets	(38, 57)	– 252	– 735
Effects from changes in the group of consolidated companies			
Cash flow from acquisitions less cash reserves acquired	(46)	–	–
Cash flow from disposals less cash reserves disposed of	(46)	203	0
Net cash from investing activities		**8,313**	**– 8,907**
Proceeds from capital increases	(73)	1,377	–
Dividends paid	(73)	–	–
Net cash from changes in ownership interests in consolidated companies		– 1	– 5
Net cash from other financing activities (subordinated debt instruments)	(72)	– 878	– 1,790
Net cash from financing activities		**498**	**– 1,795**
Cash and cash equivalents at the end of the previous period		**4,897**	**12,397**
Net cash from operating activities		14,721	3,097
Net cash from investing activities		8,313	– 8,907
Net cash from financing activities		498	– 1,795
Effects from exchange rate changes		195	211
Effects from non-controlling interests		– 115	– 106
Cash and cash equivalents at the end of the period	**(46)**	**28,509**	**4,897**

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

The breakdown of cash and cash equivalents was as follows:

€m	31.12.2015	31.12.2014	Change in %
Cash on hand	1,391	1,093	27.3
Balances with central banks	23,858	3,409	.
Debt issued by public-sector borrowers	3,260	395	.

Cash and cash equivalents as at 31 December 2015 did not include keine any amounts from companies consolidated for the first time (previous year: –). There were also keine no effects from deconsolidations in 2015 (previous year: –).

The cash flow statement shows the structure of and changes in cash and cash equivalents during the financial year. It is broken down into operating activities, investing activities and financing activities.

Net cash from operating activities includes payments (inflows and outflows) relating to claims on banks and customers and also securities held for trading and other assets. Increases and decreases in liabilities to banks and customers, securitised liabilities and other liabilities also belong to operating activities. The interest and dividend payments resulting from operating activities are similarly reflected in net cash from operating activities.

Changes in net cash from operating activities also result from disposals of consolidated companies. Other assets and liabilities from operating activities include disposals of consolidated companies that were classified as held for sale and were sold during the reporting year. The following table provides an overview of the assets and liabilities at the time of disposal.

Assets | €m	31.12.2015
Claims on banks	174
Claims on customers	25
Trading assets	–
Financial investments	–
Fixed assets	–
Other asset items	583

Liabilities | €m	31.12.2015
Liabilities to banks	409
Liabilities to customers	–
Securitised liabilities	159
Trading liabilities	23
Other liabilitiy items	212

Net cash from investing activities is made up of cash flows relating to financial investments, intangible assets, fixed assets and disposals of non-consolidated subsidiaries. The cash flows relating to the acquisition or disposal of consolidated subsidiaries are also shown here. Net cash from financing activities consists of the proceeds of capital increases as well as payments made or received on subordinated debt instruments. Dividends paid are also reported here.

Cash and cash equivalents consists of items that can be rapidly converted into liquid funds and are subject to a negligible risk of changes in value. It consists of the cash reserve, containing cash on hand, balances held at central banks and debt issued by public-sector borrowers (see Note 46). Claims on banks which are due on demand are not included.

With regard to the Commerzbank Group the cash flow statement is not very informative. For us the cash flow statement replaces neither liquidity planning nor financial planning, nor is it employed as a management tool.

Notes

Significant accounting principles

Our Group financial statements as at 31 December 2015 were prepared in accordance with Art. 315 a (1) of the German Commercial Code (HGB) and Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 (the IAS Regulation). In addition, other regulations for adopting certain international accounting standards on the basis of the International Financial Reporting Standards (IFRS) approved and published by the International Accounting Standards Board (IASB) and their interpretation by the IFRS Interpretations Committee have also been applied.

All standards and interpretations which are mandatory within the EU in 2015 have been applied. As permitted under the regulations, we have not applied standards and interpretations which do not enter into force until the financial year 2016 or later.

The impact of the new and revised standards and interpretations whose application is not yet mandatory on the Group's accounting and measurement practices is set out below.

The IASB published an extensively revised new version of IFRS 9 Financial Instruments in July 2014. IFRS 9 replaces the previous standard governing the accounting treatment of financial instruments (IAS 39). IFRS 9 contains new rules for classifying financial instruments on the assets side of the balance sheet. All financial assets must initially be measured at fair value with the remeasurement effects taken through profit or loss. A different subsequent measurement is only permitted for a debt instrument on the assets side if it is included in a portfolio that operates under a "hold" or "hold and sell" business model. Moreover, the financial instrument in question may only have cash flows that are payments of principal and interest on the principal amount outstanding. IFRS 9 contains wide-ranging provisions and examples providing further detail on these rules. Irrespective of the above a financial instrument may still be measured at fair value if a more appropriate value can be achieved. It is no longer possible to report embedded derivatives separately within financial assets.

As before, a fair value option also exists for financial liabilities. However, gains or losses deriving from a change in the own credit risk are no longer reported through profit and loss, but instead in other comprehensive income (revaluation reserve), if a more appropriate value can be achieved.

IFRS 9 also changes the rules on the accounting treatment of expected default risk (provisions). Unlike in IAS 39, provisions are not initially recognised when a specific loss event occurs. Instead, for every financial instrument measured at amortised cost or at fair value through other comprehensive income, the credit loss expected over the next 12 months must be recognised as a provision on initial recognition. If the borrower's credit risk increases significantly, but the borrower is not yet in default, a provision must be recognised for the full lifetime expected credit losses. If an instrument is in default, a provision must be recognised for the lifetime expected loss on the basis of the estimated cash flows that can still be expected. The EU Commission started the process of implementing the new standard into European law in December 2014 and has asked the European Financial Reporting Advisory Group (EFRAG) for its opinion. Due to the continuing uncertainties and the potential scope for interpretation it is not yet possible to quantify the impact of IFRS 9 reliably. The standard is expected to be transposed into EU law in the first half of 2016 and to become effective for EU companies for financial years beginning on or after 1 January 2018.

IFRS 14 Regulatory Deferral Accounts, which applies only to first-time adopters of IFRS and is therefore not relevant for the Commerzbank Group, deals with the future treatment of regulatory deferral accounts which have been recognised on the basis of previous accounting policies. The European Commission has decided not to start the endorsement process and will wait for the final standard.

IFRS 15 Revenue from Contracts with Customers introduces a principles-based five-step model framework dealing with the nature, amount and timing of revenues and cash flows arising from a contract with a customer. It replaces IAS 11 and 18, IFRIC 13, 15 and 18 as well as SIC-31. The standard also requires extensive qualitative and quantitative disclosures on contracts, performance obligations and significant judgements and estimates. The standard is expected to be transposed into EU law in the second quarter of 2016 and to become effective for EU companies for financial years beginning on or after 1 January 2018. We do not anticipate any material impact on the Group financial statements.

The amended standard IAS 1 Presentation of Financial Statements contains clarifications regarding materiality, aggregation and the potential sequence of notes to the financial statements. The changes were incorporated into European law in December 2015 and become effective for EU companies for financial years beginning on or after 1 January 2016. The changes will impact the Group's notes. The impact on the interim financial statements in accordance with IAS 34 and the information required under IFRS 7 is currently under review.

The amended standards IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets clarify the acceptable methods of depreciation and amortisation of tangible and intangible assets. The changes were incorporated into European law in December 2015 and become effective for EU companies for financial years beginning on or after 1 January 2016. We do not expect any material impact on the Group financial statements.

The amendments to the standards IAS 16 Property, Plant and Equipment and IAS 41 Agriculture relate to the accounting treatment of bearer plants. The changes were incorporated into European law in November 2015 and become effective for EU companies for financial years beginning on or after 1 January 2016. We do not expect any material impact on the Group financial statements.

The amendments to IAS 27 Separate Financial Statements permit the use of the equity method for holdings in subsidiaries, joint ventures and associates in separate IFRS financial statements and therefore do not apply to the Commerzbank Group financial statements. The changes were incorporated into European law in December 2015 and become effective for EU companies for financial years beginning on or after 1 January 2016.

The amendments to the standards IAS 28 Investments in Associates and Joint Ventures and IFRS 10 Consolidated Financial Statements issued in September 2014 mean that unrealised gains or losses from transactions with an associate or joint venture are recognised if assets that constitute a business are sold or contributed to the associate or joint venture. A further amendment to the standards IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosure of Interest in Other Entities as well as IAS 28 Investments in Associates and Joint Ventures issued in December 2014 clarifies the application of the consolidation exception for investment entities. Although the amendments published in December 2014 take effect in financial years beginning on or after 1 January 2016, the effective date for first-time application of the amendments issued in September 2014 has been deferred. We do not expect any material impact on the Group financial statements.

The amended standard IFRS 11 Joint Arrangements requires both the initial acquisition of an interest in a joint operation, and the acquisition of additional interest, to be accounted for in accordance with the principles of IFRS 3 Business Combinations and other applicable IFRSs as long as they do not contradict the provisions of IFRS 11. The changes were incorporated into European law in November 2015 and become effective for EU companies for financial years beginning on or after 1 January 2016. We do not expect any material impact on the Group financial statements.

Changes from the IASB's annual improvement cycle 2012 to 2014 were published in September 2014, consisting mainly of clarifications of definitions and minor changes in recognition, measurement and reporting of transactions. The changes were incorporated into European law in December 2015 and become effective for EU companies for financial years beginning on or after 1 January 2016. We do not expect any material impact on the Group financial statements.

In addition to the statement of comprehensive income and the balance sheet, the Group financial statements also include the statement of changes in equity, the cash flow statement and the notes. Segment reporting is to be found in the notes (Note 45). The information required under IFRS 7.31 to 7.42 (nature and extent of exposure to risks arising from financial instruments) is reported partly in the notes (see Notes 84 and 85) and partly in the Group Risk Report.

The Group Management Report, including the separate Group Risk Report pursuant to Art. 315 of the German Commercial Code (HGB), appears on pages 55 to 146 of our annual report.

The reporting currency of the Group financial statements is the euro. Unless otherwise indicated, all amounts are shown in millions of euros. In the statement of comprehensive income, the balance sheet, the statement of changes in equity and the cash flow statement, amounts under €500,000.00 are shown as €0m; where an item is €0.00, this is denoted by a dash. In all other notes both amounts rounded down to €0m and zero items are indicated by a dash.

Accounting and measurement policies

(1) Basic principles

The Group financial statements are based on the going concern principle. Assets are generally measured at amortised cost, unless a different form of measurement is required by IFRS. This applies in particular to certain financial instruments classified in accordance with IAS 39, investment properties and non-current assets held for sale.

Income and expenses are accounted for on an accrual basis; they are recognised in the income statement for the period to which they are attributable in economic terms. Interest from all contractual agreements relating to financial assets or liabilities is reported in net interest income on an accrual basis. We report negative interest on financial instruments held as assets in other interest expense and positive interest on financial instruments held as liabilities in other interest income. Dividend income is only recognised where a corresponding legal entitlement exists. Commission income and expenses are recognised in net commission income on the one hand on the basis of the accounting treatment of the associated financial instruments and on the other hand on the basis of the nature of the activity. Commission income for services which are performed over a certain period is recognised over the period in which the service is performed. Fees which are associated with the completion of a particular service are recognised at the time of completion of the service. Performance-related fees are recognised when the performance criteria are met. Commission income on trading transactions carried out on behalf of customers is reported in net commission income.

Borrowing costs that are directly attributable to the acquisition, construction or production of a significant tangible or intangible asset are capitalised in the balance sheet, provided that a period of at least 12 months is required to prepare the asset for its intended use.

Assets and liabilities are normally reported on a gross basis in the balance sheet, i.e. without netting. However, in accordance with IAS 32.42, financial assets and liabilities relating to the same counterparty are netted and shown in the balance sheet on a net basis if there is a legally enforceable right to net the amounts and the transactions are fulfilled on a net basis or the asset is realised simultaneously with the settlement of the liability. In addition to the netting of positive and negative fair values attributable to derivatives with clearing agreements and any variation margins payable on them, this also applies to the netting of claims and liabilities in reverse repo and repo transactions with central counterparties.

For fully consolidated companies and holdings in companies accounted for using the equity method in the Group financial statements we have generally used financial statements prepared as at 31 December 2015. In the case of companies accounted for using the equity method we in some cases use the most recent audited financial statements under national GAAP if the company's financial statements for the last financial year are not yet available at the date the Group financial statements are being prepared.

Where there is an intention to sell the assets and liabilities of subsidiaries and companies accounted for using the equity method, and their sale is highly probable within one year, they are reported separately in the relevant balance sheet items and notes (see Notes 60 and 70) and in the statement of changes in equity in accordance with IFRS 5 until transfer of the shares is completed.

Note 79 contains a breakdown of all balance sheet items into short-term and long-term. Moreover, residual maturities are reported in the Commerzbank Group for all derivative financial instruments, financial assets and liabilities as well as contingent liabilities and irrevocable lending commitments with contractual maturity dates (see Notes 77, 79 and 87).

The Group financial statements include values which are determined, as permitted, on the basis of estimates and judgements. The estimates and judgements used are based on past experience and other factors, such as planning and expectations or forecasts of future events that are considered likely as far as we know today. The estimates and judgements themselves and the underlying estimation methods and judgement factors are reviewed regularly and compared with actual results. In our view the parameters we have used are reasonable and appropriate. Nonetheless, the actual outturns may differ from the estimates in the cases listed below.

Estimates of pension obligations, goodwill and the fair value of investment properties among other items are subject to uncertainty.

Pension obligations are measured based on the projected-unit-credit method for defined benefit pension plans. In measuring such obligations, assumptions have to be made regarding the discount rate, the long-term rate of increase of salaries and pensions and average life expectancy in particular. Changes in the underlying assumptions from year to year and divergences from the actual effects each year are reported under remeasurements (see Note 68 Provisions on the impact of changes in parameters).

The impairment test for goodwill, which must be carried out at least once a year, uses the recognised discounted cash flow method. This is based on the future cash flows projected in management's latest planning figures. An analysis of the uncertainties surrounding the estimation of goodwill and fair value of financial instruments is set out in Notes 15 and 56 as well as Note 80.

For uncertainties relating to the fair value of investment properties we carry out analyses based on country-specific rental indices (see Note 59).

Uncertainty in estimates is still present mainly with respect to loan loss provisions and deferred taxes (see Notes 50 and 58). For loan loss provisions please also refer to the Group Risk Report.

The assumptions and parameters underlying the estimates we have made are based on the exercise of appropriate judgement by management. This applies in particular to the appropriate selection and use of parameters, assumptions and modelling techniques when valuing financial instruments for which there are no market prices and no comparative parameters observable on the market. Where differing valuation models lead to a range of different potential valuations, management uses its judgement to determine the choice of the model to be used.

The following items in the financial statements are also subject to the judgement of management:

- The reclassification of certain financial assets from the category of available-for-sale financial instruments to the category loans and receivables (see Note 5).
- The impairment of loans and the recognition of provisions for off-balance-sheet lending exposures (in particular the analysis of the borrower's financial situation and the determination of the expected cash flows including the recognition, level and timing of the realisation of collateral; see Note 9).
- Impairment testing of other financial assets such as holdings in companies accounted for using the equity method and financial instruments held for sale (in particular the choice of criteria used to determine whether an asset is impaired; see Note 19).
- Impairment testing of non-financial assets such as goodwill and other intangible assets (in particular the criteria used to determine the recoverable amount; see Note 15).
- Impairment testing of deferred tax assets in accordance with IAS 12.24 ff. (in particular determining the methodology used for tax planning and to assess the probability that the expected future tax effects will actually occur; see Note 26), as well as showing tax risk positions.
- The recognition of provisions for uncertain liabilities (see Note 23).
- The assessment of legal risks where a loss may not be probable, but is not improbable either (see Note 29).

Uniform accounting and measurement methods explained in the notes below are used throughout the Commerzbank Group in preparing the financial statements.

(2) Changes

In essence we have employed the same accounting policies as for the Group financial statements for the year ended 31 December 2014.

These financial statements take into account the standards and interpretations that must be applied in the EU from 1 January 2015 (revised IAS 19 Employee Benefits and amendments arising from the IASB's annual improvement process for the 2010 to 2012 and 2011 to 2013 cycles), which had no material impact on the Commerzbank Group financial statements.

We have reported negative interest on financial instruments held as assets in other interest expense and positive interest on financial instruments held as liabilities in other interest income since the second quarter of 2015, with retroactive effect from 1 January 2015. We have not restated the prior-year periods when negative interest was offset against either interest income or interest expenses, as the effect was not material for the Commerzbank Group during these periods.

We applied funding valuation adjustments (FVA) for the first time in the third quarter of 2015. FVA involves recognising the funding costs or benefits of uncollateralised as well as collateralised derivatives where there is only partial collateral or the collateral cannot be used for funding purposes at fair value. This change had an impact of €–131m on net trading income. Since in recent years FVA had already been recognised as a deduction from CET 1 capital as part of the "prudent valuation" approach, there was no impact on regulatory capital.

We launched a new IT system for the accounting of Commerzbank Aktiengesellschaft in Germany in the fourth quarter of 2015. It enables German GAAP and IFRS data to be processed in parallel and provides more granular data, allowing individual accounting items to be represented in greater detail. This gave rise to the following changes compared with the previous presentation:

- The measurement of trading securities has been split into interest-like amortisation components and ongoing price changes. The amortisation components are now reported in interest income or expenses instead of being reported together with ongoing price changes in net trading income. In 2014 the reclassification from net trading income to net interest income amounted to €20m (net balance of €60m reduction in interest income and €80m reduction in interest expenses). This reclassification within the income statement had no impact on consolidated profit, the balance sheet or earnings per share.
- Discounts and premiums on securities and promissory note loans held outside the trading book are now amortised using the effective interest rate method, rather than in a straight line as previously. The prior-year figures have been restated as follows:
  - As at 1 January 2014 claims on banks rose by €12m, claims on customers by €36m and retained earnings by €109m, while deferred tax assets were €14m lower, securitised liabilities €70m lower and the revaluation reserve €5m lower.
  - Interest expenses were €11m higher in financial year 2014 with retained earnings €3m lower. Net of tax income of €2m, consolidated profit fell by €12m. Earnings per share fell by €0.01 as a result.
  - As at 31 December 2014 claims on banks rose by €11m, claims on customers by €33m and retained earnings by €97m, while deferred tax assets were €12m lower, securitised liabilities €59m lower and the revaluation reserve €6m lower.
- As part of the application of trade date accounting for securities, the resulting claims and liabilities are reported on a gross basis. The prior-year figures have been restated as follows:
  - As at 1 January 2014 claims on banks rose by €439m, claims on customers by €552m, liabilities to banks by €2m and liabilities to customers by €989m.
  - As at 31 December 2014 claims on banks increased by €181m, claims on customers by €343m, liabilities to banks by €223m and liabilities to customers by €301m.

  The consolidated profit and earnings per share were unchanged.
- As a result of the more detailed allocation of accrued interest to claims on or liabilities to banks and customers the prior-year figures were restated as follows:
  - As at 1 January 2014 claims on banks were reduced by €4m, claims on customers by €5m, liabilities to banks by €10m and other liabilities by €2m, while liabilities to customers rose by €3m.
  - As at 31 December 2014 claims on banks rose by €86m, claims on customers by €110m, liabilities to banks by €179m and liabilities to customers by €2m. Other assets were reduced by €170m and other liabilities by €155m.

  The consolidated profit and earnings per share were unaffected.
- Interest income and expenses from Commerzbank's own banking book issues which are unsold or have been repurchased are also now reported on a net basis. Until now these have been reported gross as interest income and interest expenses. Interest income and expenses were each reduced by €37m in 2014. There was no impact on consolidated profit, the balance sheet or earnings per share.
- Loan arrangement fees and commitment interest as well as commissions paid are now incorporated in the effective interest rate when loans are made instead of being recognised immediately through profit or loss as previously. The prior-year figures have been restated as follows:
  - Claims on customers were reduced by €13m as at 1 January 2014. Deferred tax assets increased by €2m as a result and retained earnings therefore fell by €11m.

  - Interest income was reduced by €18m, commission income by €3m and commission expenses by €58m in 2014. After deducting taxes on income of €6m, consolidated profit was €31m higher. Earnings per share rose by €0.03 as a result.
  - After netting of €1m of deferred taxes recognised in equity, claims on customers were €24m higher, deferred tax assets €3m lower and retained earnings €21m higher as at 31 December 2014.
- As part of the move to the new accounting IT system we carried out a thorough review of the items reported under other assets and other liabilities. As a result the balance sheet was restated as follows as at 1 January 2014 and 31 December 2014: Other assets rose by €22m and current tax liabilities by €1m, while deferred tax assets fell by €3m and other liabilities by €11m. The resultant rise in retained earnings was €29m. The consolidated profit and earnings per share were unchanged.
- The reporting of payments in connection with credit derivatives within the income statement was corrected. Interest income was reduced by €223m in 2014 while interest expenses were €15m higher. Net trading income rose by €238m. Thus, there was no impact on consolidated profit, the balance sheet or earnings per share.
- The information in the notes on irrevocable lending commitments in the prior year was corrected, leading to an increase in this item by €143m. The consolidated profit, balance sheet and earnings per share were unaffected.

In the past Commerzbank consolidated certain own issues which had been bought by one of its subsidiaries in equity. The differential arising from lower carrying amounts of the relevant issues on the part of Commerzbank was derecognised in conjunction with a retrospective restatement. The impact of associated hedging derivatives on profit or loss was also taken into account. The prior-year figures have been restated as follows:

- Securitised liabilities rose by €42m as at 1 January 2014. This increased deferred tax assets by €5m while retained earnings were reduced by €37m.
- Securitised liabilities rose by a further €15m in 2014, with net trading income falling by the same amount. After deducting a positive effect of €3m from taxes on income, consolidated profit was €12m lower and earnings per share were reduced by €0.01.
- After netting of €–1m of deferred taxes recognised in equity, securitised liabilities were €57m higher, deferred tax assets were €7m higher and retained earnings were €50m lower as at 31 December 2014.

We also made a change to the way in which maturities are presented in Note 79. In accordance with IFRS 7.39, the residual terms of non-derivative financial instruments (including financial guarantees) that are subject to contractual maturities are now shown on the basis of undiscounted cash flows, rather than on the basis of their carrying amounts, as previously. Derivative liabilities are reported on the basis of their fair values. The prior-year figures were restated accordingly. There was no impact on consolidated profit, the balance sheet or earnings per share.

In accordance with IFRIC 21 we are reporting the Bank's contributions to the statutory deposit insurance scheme in a revised form for the contribution years up to 2015. The entire expense for the contribution year of 1 October to 30 September of the following year is recognised in full in the fourth quarter (instead of quarterly as previously), as the payment obligation was based solely on whether the Bank held a banking licence on 1 October. The prior-year figures have been restated as follows:

- As at 1 January 2014 provisions rose by €18m and deferred tax assets by €2m. Retained earnings fell correspondingly by €16m.
- Operating expenses were €3m higher in 2014 and consolidated profit was reduced by the same amount, while earnings per share were less than €0.01 lower.
- As at 31 December 2014 provisions were €21m higher, deferred tax assets €2m higher and retained earnings €19m lower.

Under the new contribution rules the expense will be recognised on a quarterly basis from the 2016 contribution year onwards.

In 2015 a number of matters arose in connection with the preparation of amended income tax returns for Commerzbank Aktiengesellschaft for 2010 due to tax audit risks and the correction of other errors. The prior-year figures have been restated as follows:

- As at 1 January 2014 deferred tax assets rose by €79m, current tax liabilities by €76m and retained earnings by €3m.

- Taxes on income were €2m higher in 2014 and consolidated profit fell by the same amount, while earnings per share were reduced by less than €0.01.
- As at 31 December 2014 deferred tax assets were €77m higher, current tax liabilities €76m higher and retained earnings €1m higher.

The tables below show the impact of the main restatements in the 2014 financial year on the income statement and the balance sheet:

€m	Originally reported	Adjust ment	Restated
	1.1.–31.12.2014		**1.1.–31.12.2014**
Interest income	12,555	– 341	12,214
Interest expenses	6,948	– 91	6,857
Net interest income	5,607	– 250	5,357
Commission income	3,837	– 3	3,834
Commission expense	632	– 58	574
Net commission income	3,205	55	3,260
Net trading income	377	203	580
Operating expenses	6,926	3	6,929
Pre-tax profit or loss	**623**	**5**	**628**
Taxes on income	253	3	256
Consolidated profit or loss	**370**	**2**	**372**
Consolidated profit or loss attributable to Commerzbank shareholders	264	2	266

Assets | €m	Originally reported	Adjust ment	Restated
	31.12.2014		**31.12.2014**
Claims on banks	80,036	278	80,314
Claims on customers	232,867	510	233,377
Deferred tax assets	3,358	68	3,426
Other assets	3,199	– 148	3,051
Total assets	**557,609**	**708**	**558,317**

Liabilities and equity | €m	Originally reported	Adjust ment	Restated
	31.12.2014		**31.12.2014**
Liabilities to banks	99,443	402	99,845
Liabilities to customers	248,977	303	249,280
Securitised liabilities	48,813	– 2	48,811
Provisions	5,251	21	5,272
Current tax liabilities	239	77	316
Other liabilities	7,499	– 166	7,333
Equity	26,960	73	27,033
of which retained earnings	10,383	79	10,462
of which other reserves	– 1,396	– 6	– 1,402
Total liabilities	**557,609**	**708**	**558,317**

(3) Group of consolidated companies

The Group financial statements include all material subsidiaries which are directly or indirectly controlled by Commerzbank Aktiengesellschaft. These also include material structured entities. Significant associates and joint ventures are accounted for using the equity method.

Subsidiaries, associates and joint ventures of minor significance for the Group's financial position are not fully consolidated or not accounted for using the equity method; instead, they are reported under financial investments as holdings in non-consolidated subsidiaries or equity holdings. Based on the total assets of the aggregated balance sheet of the Group, the total assets of the non-significant subsidiaries amount to less than 0.2% (previous year: less than 0.2%).

Please refer to Note 104 for more information on the structure of the Commerzbank Group including a full list of the Group's ownership interests. The following material companies were consolidated for the first time in 2015:

Name of company	Equity share and voting rights	Acquisition cost	Assets	Liabilities
	%	€m	€m	€m
COCO Finance II–2 Ltd., Dublin, Ireland	0.0	–	171.7	171.7
Commerz Transaction Services Finance GmbH, Halle, Germany	100.0	1.6	1.7	0.1
ComStage CBK 10Y US-Treasury Future Short TR UCITS ETF, Luxembourg, Luxembourg	100.0	19.9	20.5	0.6
ComStage CBK 10Y US-Treasury Future TR UCITS ETF, Luxemburg, Luxemburg	100.0	20.0	20.9	0.8
ComStage CBK Commodity ex-Agriculture Monthly EUR Hedged TR UCITS ETF, Luxembourg, Luxembourg	100.0	24.3	26.6	2.3
ComStage CBK U.S. Treasury Bond Future Double Short TR UCITS ETF, Luxembourg, Luxembourg	100.0	19.3	20.1	0.7
ComStage CBK U.S. Treasury Bond Future Short TR UCITS ETF, Luxembourg, Luxembourg	100.0	19.7	20.4	0.7
ComStage LevDAX® x2 UCITS ETF, Luxembourg, Luxembourg	93.0	34.0	35.8	5.7
ComStage MSCI Italy TRN UCITS ETF, Luxembourg, Luxembourg	99.8	21.5	22.5	1.3
ComStage MSCI Spain TRN UCITS ETF, Luxembourg, Luxembourg	99.5	21.5	22.4	1.5
ComStage ShortMDAX TR UCITS ETF, Luxembourg, Luxembourg	95.0	44.7	46.6	– 2.8
Frega Vermögensverwaltungsgesellschaft mbH, Frankfurt/Main, Germany	100.0	–	333.8	306.4
MS "SCHUMANN" Schiffahrtsgesellschaft mbH & Co. KG, Hamburg, Germany	98.0	–	–	–
MS "TSCHAIKOWSKY" Schiffahrtsgesellschaft mbH & Co. KG, Hamburg, Germany	98.0	–	–	–
Tele-Tech Investment Sp. z.o.o., Warsaw, Poland	100.0	–	24.1	24.0

The entities listed above exceeded our materiality thresholds for consolidation or were additional purchases of existing holdings or entities newly formed, for example, in the course of structured financing transactions. We apply the provisions of IFRS 3 to additional purchases. The first-time consolidations did not give rise to any goodwill. Where relevant, negative differences were reported in the income statement as at the date of acquisition in accordance with IFRS 3.34.

Subsequent measurement of the reserves and liabilities from the acquisition of Dresdner Bank uncovered in 2009 led to an expense of €229m before tax or €186m after tax being recognised in the income statement in 2015. The main effects derived from the imputation of interest to subordinated debt instruments.

The following companies were sold or liquidated or are no longer consolidated for other reasons:

- Disposals
  - ASBERGIA Grundstücks-Vermietungsgesellschaft mbH & Co. KG, Düsseldorf, Germany
  - AWL I Sp. z o.o., Warsaw, Poland
  - Brafero-Sociedade Imobiliária, S.A., Lisbon, Portugal
  - BRE Ubeczpieczenia Towarzystwo Ubezpieczen i Reasekuracji S.A., Warsaw, Poland
  - Brussels Urban Invest S.A., Brussels, Belgium
  - CG NL Holding B.V., Amsterdam, Netherlands
  - CGM Lux 1 S.à.r.l., Luxembourg, Luxembourg
  - CGM Lux 2 S.à.r.l., Luxembourg, Luxembourg
  - CGM Lux 3 S.à.r.l., Luxembourg, Luxembourg

- Espacio Leon Propco S.L.U., Madrid, Spain
- Forum Almada, Gestao de Centro Comercial, Sociedade Unipessoal Lda. II & Comandita, Lisbon, Portugal
- Forum Almada-Gestao de Centro Commercial, Sociedade Unipessoal, Lda., Lisbon, Portugal
- Forum Montijo, Gestao de Centro Comercial Sociedade Unipessoal, Lda, Lisbon, Portugal
- Hanseatic Ship Asset Management GmbH, Hamburg, Germany
- MS "BEETHOVEN" Schiffahrtsgesellschaft mbH & Co. KG, Hamburg, Germany
- MS "BELLINI" Schiffahrtsgesellschaft mbH & Co. KG, Hamburg, Germany
- MS "BIZET" Schiffahrtsgesellschaft mbH & Co. KG, Hamburg, Germany
- MS "BRAHMS" Schiffahrtsgesellschaft mbH & Co. KG, Hamburg, Germany
- MS "CHOPIN" Schiffahrtsgesellschaft mbH & Co. KG, Hamburg, Germany
- MS "HAYDN" Schiffahrtsgesellschaft mbH & Co. KG, Hamburg, Germany
- MS "MOZART" Schiffahrtsgesellschaft mbH & Co. KG, Hamburg, Germany
- MS "PAGANINI" Schiffahrtsgesellschaft mbH & Co. KG, Hamburg, Germany
- MS "PUCCINI" Schiffahrtsgesellschaft mbH & Co. KG, Hamburg, Germany
- MS "PUGNANI" Schiffahrtsgesellschaft mbH & Co. KG, Hamburg, Germany
- MS "ROSSINI" Schiffahrtsgesellschaft mbH & Co. KG, Hamburg, Germany
- MS "SATIE" Schiffahrtsgesellschaft mbH & Co. KG, Hamburg, Germany
- MS "SCHUBERT" Schiffahrtsgesellschaft mbH & Co. KG, Hamburg, Germany
- MS "SCHUMANN" Schiffahrtsgesellschaft mbH & Co. KG, Hamburg, Germany
- MS "STRAUSS" Schiffahrtsgesellschaft mbH & Co. KG, Hamburg, Germany
- MS "TSCHAIKOWSKY" Schiffahrtsgesellschaft mbH & Co. KG, Hamburg, Germany
- MS "VIVALDI" Schiffahrtsgesellschaft mbH & Co. KG, Hamburg, Germany
- MS "WAGNER" Schiffahrtsgesellschaft mbH & Co. KG, Hamburg, Germany
- Transfinance a.s., Prague, Czech Republic

The proceeds from the sale of these entities amounted to around €284m. They were paid entirely in cash. €47m of the gain on disposal of €62m was recorded in net investment income and €15m in other net income.

- Liquidations
  - Commerzbank Finance 2 S.à.r.l., Luxembourg, Luxembourg
  - Commerzbank Leasing 1 S.à r.l., Luxembourg, Luxembourg
  - CoCo Finance II-1 Ltd., Dublin, Ireland
  - CoTraX Finance II-1 Ltd, Dublin, Ireland
  - Greene Oak LLC, Wilmington, Delaware, USA

- Entities that have permanently fallen below our materiality threshold for consolidation
  - Commerz Real Estate Master FCP-SIF, Luxembourg, Luxembourg
  - Commerzbank Leasing December (9) Limited, London, United Kingdom
  - Commerzbank Leasing December (11), London, United Kingdom
  - Commerzbank Leasing December (17) Limited, London, United Kingdom
  - Commerzbank Leasing December (19) Limited, London, United Kingdom
  - Commerzbank Leasing December (20) Limited, London, United Kingdom
  - Commerzbank Leasing December (22) Limited, London, United Kingdom
  - Commerzbank Leasing December (23) Limited, London, United Kingdom
  - Commerzbank Leasing December (24) Limited, London, United Kingdom
  - Commerzbank Overseas Holdings Limited, London, United Kingdom
  - Frankfurter Gesellschaft für Vermögensanlagen mit beschränkter Haftung, Eschborn, Germany
  - gr Grundstücks GmbH Objekt Corvus, Eschborn, Germany
  - gr Grundstücks GmbH Objekt Corvus & Co. Sossenheim KG i.L., Eschborn, Germany
  - Greene Birch Ltd., George Town, Cayman Islands
  - HF Estate Management GmbH, Eschborn, Germany
  - HFR MF iQArts Master Trust, Hamilton HM, Bermuda
  - LSF Loan Solutions Frankfurt GmbH (formerly: G-G-B Gebäude- und Grundbesitz GmbH), Eschborn, Germany
  - MLV 45 Sp. z o.o. sp. k., Warsaw, Poland
  - NAVALIS Schiffsbetriebsgesellschaft mbH & Co MS "NEDLLOYD JULIANA" KG, Hamburg, Germany
  - NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Lampertheim KG i.L., Düsseldorf, Germany
  - Property Invest Ferdinando di Savoia S.r.l., Milan, Italy
  - Property Invest GmbH, Eschborn, Germany
  - Property Invest Italy S.r.l., Milan, Italy

- Rügen Eins GmbH, Frankfurt/Main, Germany
- SB-Bauträger GmbH & Co. Urbis Hochhaus-KG, Frankfurt/Main, Germany
- Space Park GmbH & Co. KG, Frankfurt/Main, Germany
- TS Lago One GmbH, Frankfurt/Main, Germany
- U.S. Residential Investment I, L.P., Wilmington, Delaware, USA

The following companies were merged with Commerzbank Group consolidated companies:

- BRE Agent Ubezpieczeniowy Sp. z.o.o., Warsaw, Poland
- BRE Ubezpieczenia Sp. z.o.o., Warsaw, Poland
- Commerz Real IT-Leasing GmbH, Düsseldorf, Germany
- Honeywell Grundbesitzverwaltungs-GmbH & Co. Vermietungs-KG, Grünwald, Germany
- Westend Grundstücksgesellschaft mbH, Eschborn, Germany
- Wohnbau-Beteiligungsgesellschaft mbH, Frankfurt/Main, Germany

Apartamenty Molo Rybackie Sp. z.o.o., Gdynia, Poland was added to the group of companies accounted for using the equity method in 2015.

RECAP/Commerz AMW Investment, L.P., New York, USA, which is being wound down, ceased to be accounted for using the equity method in 2015.

(4) Principles of consolidation

Subsidiaries are entities which are directly or indirectly controlled by Commerzbank Aktiengesellschaft, because Commerzbank has the power to direct the relevant activities of the entity, has exposure, or rights, to variable returns from its involvement and has the ability to use its power over the entity to affect the amount of its returns. When deciding whether or not to consolidate we review a range of factors such as voting rights, the object and structure of the company and our ability to exert influence. If voting rights are the sole and immediate dominant factor in managing the relevant activities, control can be established more straight forwardly in these cases. We are nonetheless obliged to investigate whether there are any other factors such as legislative provisions or contractual agreements which mean that Commerzbank does not exercise control in spite of holding a majority of voting rights. Other factors can also lead to control, for example if Commerzbank and the entity stand in a principal-agent relationship. In this case another party with decision-making powers acts as agent for Commerzbank, but does not control the entity, because it only exercises powers which have been delegated by Commerzbank (the principal). Consolidation takes effect from the date on which the Group acquires control over the subsidiary.

When consolidating capital for the first time, we remeasure the assets and liabilities of subsidiaries completely at the time of acquisition regardless of the percentage share of equity held. The assets and liabilities remeasured at fair value are included in the Group balance sheet net of deferred taxes; identified hidden reserves and liabilities are accounted for in accordance with the applicable standards in subsequent reporting periods. Any difference over net assets on remeasurement is recognised as goodwill. Negative goodwill is reported in the income statement in accordance with IFRS 3.34.

Associated companies are entities over which Commerzbank Aktiengesellschaft has a significant direct or indirect influence. A significant influence is assumed to exist where the share of voting rights is between 20 and 50%. Further factors indicating significant influence could, for example, be membership of an executive or supervisory board or significant transactions with the company.

A joint arrangement is where two or more parties agree contractually to exercise joint control over this arrangement. A joint arrangement can be a joint venture or a joint operation. In the Commerzbank Group there are only joint ventures.

Associated companies and joint ventures are ordinarily accounted for using the equity method and are reported in the balance sheet under holdings in companies accounted for using the equity method.

The acquisition cost of these investments including goodwill is determined at the time of their initial consolidation, applying by analogy the same rules as for subsidiaries. If associated companies and joint ventures are material, appropriate adjustments are made to the carrying value in the accounts, in accordance with developments in the company's equity. Losses attributable to companies accounted for using the equity method are only recognised up to the level of the carrying value (see Note 55). Losses in excess of this amount are not recognised, since there is no obligation to offset excess losses. Future profits are first offset against unrecognised losses.

Holdings in subsidiaries not consolidated for reasons of immateriality and holdings in associated companies and joint ventures which, because of their immateriality, are not accounted for using the equity method are shown under financial assets at their fair value or, if this cannot be reliably established, at cost.

Subsidiaries are deconsolidated as of the date on which the Bank loses its control over them. Equity accounting for holdings in associated companies ends on the date that the Group ceases to exert significant influence over the associated company. Equity accounting for joint ventures ends on the date the joint control of the venture comes to an end.

Structured entities are entities where voting or similar rights are not the dominant factor in determining control, such as when the voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. Examples of structured entities are securitisation companies, leasing structured entities and some investment funds.

Commerzbank also acts as sponsor of structured entities in which it does not have an equity holding. An entity is regarded as sponsored if:

- it was launched and/or structured by the Commerzbank Group,
- it has received or bought assets from the Commerzbank Group,
- it is guaranteed by the Commerzbank Group or was marketed intensively by the Commerzbank Group.

As with subsidiaries, a structured entity must be consolidated if Commerzbank exerts control over it. In the Commerzbank Group the obligation to consolidate structured entities is reviewed by means of a process that includes transactions where Commerzbank launches a structured entity with or without the involvement of third parties, and transactions where Commerzbank enters into a contractual relationship with an already existing structured entity with or without the involvement of third parties. Decisions as to whether or not to consolidate an entity are reviewed as the need arises, but no less than once a year. All consolidated structured entities and structured entities that have not been consolidated for materiality reasons are listed in Note 104.

The ability of the Commerzbank Group to access or use assets and settle the liabilities of subsidiaries including structured entities, associated companies and joint ventures can be subject to legal, regulatory and contractual restrictions. There are no significant restrictions in the Commerzbank Group apart from the following material issues. Assets transferred as collateral in the course of securities repurchase and lending transactions and for funds borrowed for specific purposes amounted to €27bn. Assets included in the cover pools for Pfandbrief issuance amounted to €40bn. These assets cannot be transferred within the Group. In terms of contractual agreements to grant financial assistance, the Commerzbank Group has provided financial guarantees to a small number of structured entities. However, these are not material at the level of the Commerzbank Group.

All receivables and liabilities as well as income and expenses based on intra-group business relationships are eliminated when liabilities and income and expenses are consolidated, unless they are of minor importance. Significant intra-group interim profits or losses are also eliminated.

(5) Financial instruments: recognition and measurement

In accordance with IAS 39 all financial investments and liabilities – which also include derivative financial instruments – must be recognised in the balance sheet. A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. On initial recognition financial instruments are measured at fair value. For financial instruments that are not measured at fair value, directly attributable transaction costs are included in the fair values as acquisition-related costs. These increase the fair values of financial assets or reduce the fair values of financial liabil-ities. In accordance with IFRS 13, fair value is defined as the realisable price, i.e. the price that the market participant would receive for the sale of an asset or pay to transfer a liability in an orderly transaction.

Depending on their respective category, financial instruments are recognised in the balance sheet subsequently either at (amortised) cost or fair value. Fair value is determined by the price established for the financial instrument in an active market (mark to market principle; fair value hierarchy level 1). If no market prices are available, valuation is based on quoted prices for similar instruments in active markets. In cases where no quoted prices are available for identical or similar financial instruments, fair value is established with the aid of valuation models which use observable market parameters to the maximum extent possible (mark to model; fair value hierarchy level 2). If insufficient recent observable market data is available to establish fair value, parameters which are not observable on the market will be used in the valuation models. These parameters may include data derived by approximation from historical data or similar methods (fair value hierarchy level 3). Please refer to Note 80 for a detailed explanation of the fair value hierarchies.

The following section provides an overview of how the rules of IAS 39, in their latest version, have been applied within the Group:

a) Recognition and derecognition of financial instruments

A financial asset or a financial liability is generally recognised in the balance sheet when the Group becomes a party to the contractual provisions of the financial instrument. For regular way purchases or sales of financial assets in the cash market the trading and settlement dates normally differ. These regular way cash market purchases and sales may be recognised using either trade date or settlement date accounting. Within the Group regular way purchases and sales of financial assets in the categories loans and receivables and use of the fair value option are recognised on the settlement date on both recognition and derecognition. For all other IAS 39 categories the Group uses trade date accounting for all regular way purchases and sales of financial assets both on recognition and derecognition.

The derecognition rules of IAS 39 are based both on the concept of risks and rewards and on the concept of control. However, when deciding whether an asset qualifies for derecognition, the evaluation of the transfer of the risks and rewards of ownership takes precedence over the evaluation of the transfer of control.

If the risks and rewards are transferred only partially and control over the asset is retained, the continuing involvement approach is used. The financial asset continues to be recognised to the extent of the Group's continuing involvement and special accounting policies apply. The extent of the continuing involvement is the extent to which the Group is exposed to changes in the value of the transferred asset. A financial liability (or part of a financial liability) is derecognised when it is extinguished, i.e. when the obligations arising from the contract are discharged or cancelled or expire. The repurchase of own debt instruments is also a transfer of financial liabilities that qualifies for derecognition. Any differences between the carrying value of the liability (including discounts and premiums) and the purchase price are recognised in profit or loss; if the asset is sold again at a later date a new financial liability is recognised at cost equal to the price at which the asset was sold. Differences between this cost and the repayment amount are allocated over the term of the debt instrument using the effective interest rate method.

b) Categorisation of financial assets and liabilities and their measurement

Below we set out an overview of the categories defined in IAS 39. These are: loans and receivables, held-to-maturity financial assets, financial assets or liabilities at fair value through profit or loss, available-for-sale financial assets and other financial liabilities.

- Loans and Receivables:

  Non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market are assigned to this category. This holds true regardless of whether they were originated by the Bank or acquired in the secondary market. An active market exists if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. Measurement of these assets is at amortised cost. If there is impairment, this is recognised in profit or loss when determining the amortised cost. Premiums and discounts are recognised in net interest income over the life of the asset.

  In the case of reclassified securities contained in the loans and receivables category the fair value at the date of reclassification is taken as the new carrying amount. The revaluation reserve net of deferred taxes existing at this point remains in the other reserves within equity and is amortised over the remaining term of the reclassified securities.

  For financial assets classified as loans and receivables impairments are recognised in the same way as for lending business (see Note 9). Impairment of these financial instruments is included in net investment income and deducted directly from the financial investments. If the indicators for impairment of particular securities cease to apply or no longer suggest an impairment, the impairment of the securities must be reversed through profit or loss, but to no more than the level of amortised cost. Similarly, an improved risk environment can lead to the reversal of an impairment that was previously recognised at the portfolio level.

- Held-to-maturity financial assets:
  Non-derivative financial assets with fixed or determinable payments and fixed maturity may be included in this category if the entity has the positive intention and ability to hold them to maturity. Measurement of these assets is at amortised cost. If there is impairment, this is recognised in profit or loss when determining the amortised cost. Premiums and discounts are recognised in net interest income over the life of the asset. In the 2015 financial year Commerzbank Group again made no use of the held-to-maturity financial assets category.
- Financial assets or financial liabilities at fair value through profit or loss; for categorising one of the following criteria must be met:
  – Financial assets or liabilities held for trading:
    This category includes financial assets and financial liabilities held for trading purposes (trading assets and trading liabilities).

    Derivative financial instruments used for hedging purposes are only reported under trading assets or trading liabilities if they do not meet the conditions for the application of hedge accounting (see below in this note). Otherwise, they are shown as fair values from derivative hedging instruments.

    Trading assets and trading liabilities are measured at their fair value on each balance sheet date.

    If the fair value cannot be established on an active market, items are measured by means of comparable prices, indicative prices of pricing service providers or other banks (lead managers) or internal valuation models (net present value or option pricing models). Interest rate and cross-currency interest rate derivatives are measured taking account of the fixing frequency for variable payments. Counterparty default risk is accounted for by recognising credit valuation adjustments (CVA), with Commerzbank's non-performance risk accounted for by recognising debit valuation adjustments (DVA). CVAs and DVAs are based on observable market data (for example CDS spreads) where available. In the case of funding valuation adjustments (FVA) the funding costs or benefits of uncollateralised as well as collateralised derivatives where there is only partial collateral or the collateral cannot be used for funding purposes are recognised at fair value. As for CVAs and DVAs, FVAs are determined by the expected value of the future portfolio market values using observable market data (e.g. CDS spreads). The funding curve used to calculate the FVA is approximated by the Commerzbank funding curve. Gains or losses on measurement and disposal are recorded under net trading income in the income statement. Interest income and expenses from trading transactions are reported in net interest income.
  – Financial instruments designated at fair value through profit or loss:
    Under the fair value option it is permissible to voluntarily measure any financial instrument at fair value and to recognise the net result of this valuation in the income statement. The decision whether to use the fair value option must be made upon acquisition of the financial instrument and is irrevocable. The fair value option may be applied to a financial instrument provided that
    – an accounting mismatch will be prevented or significantly reduced; or
    – a portfolio of financial instruments is managed, and its performance measured, on a fair value basis; or
    – the financial instrument has one or more embedded derivatives that must be separated.

    Financial instruments for which the fair value option is employed are shown in the appropriate balance sheet item for their respective category. Gains and losses on remeasurement are recognised in profit or loss under net trading income, while interest income and expenses are reported in net interest income. Further details on how and to what extent the fair value option is used in the Commerzbank Group can be found in Note 82.
- Available-for-sale financial assets:
  This category comprises all non-derivative financial assets not assignable to one of the above categories or which have been designated as available-for-sale. This includes interest-bearing securities, equities and equity holdings. Available-for-sale assets primarily comprise fixed-income securities and claims which are traded on an active market but which the Bank does not intend to sell within a short term. They are measured at fair value. If the fair value cannot be established on an active market, items are measured by means of comparable prices, indicative prices of pricing service providers or other banks (lead managers)

or internal valuation models (net present value or option pricing models). If the fair value of unlisted equity instruments cannot be reliably determined, measurement is at amortised cost less any impairments required. Gains and losses on remeasurement are shown net of deferred taxes in equity in a separate item within other reserves (revaluation reserve). Premiums and discounts on debt instruments are recognised in profit or loss under net interest income over the life of the instrument. Interest income, dividends and current profits and losses from equity holdings classified in this category are also reported under net interest income. If the financial assets are sold, the cumulative measurement gain or loss previously recognised in the revaluation reserve is reversed and taken to the income statement.

In accordance with IAS 39.59 financial instruments in this category must be monitored for any objective indications of a loss (such as breach of contract, loss event, increased likelihood of bankruptcy proceedings or insolvency) incurred after the date of initial recognition that would lead to a reduction in the cash flow arising from them. An impairment exists when the net present value of the expected cash flows is lower than the carrying value of the financial instrument concerned. In the event of an impairment, the net change on remeasurement is no longer recognised in the revaluation reserve in equity but must be taken through the income statement under net investment income as an impairment charge.

In the Commerzbank Group, equity instruments in the available-for-sale portfolio are written down if their fair value is either significantly lower than their historic cost (≥20%) or has been below historic cost for a considerable period (at least nine months). Besides these quantitative trigger events, the qualitative trigger events cited in IAS 39.59 are also taken into account in the monitoring process. Impairment reversals may not be recognised through profit or loss for equity instruments designated as available-for-sale; instead, they are recognised directly in the revaluation reserve in equity. Impairment reversals are never permitted on unlisted equity instruments for which it is not possible to determine a reliable fair value and that are therefore carried at historic cost less any necessary impairment.

Debt instruments are reviewed individually for impairment if any qualitative trigger events have occurred. To operationalise qualitative trigger events, additional indicators for an impairment have been developed in the Commerzbank Group. For example, an impairment charge for debt instruments in this category must generally be recognised if the debtor's rating is CCC or lower (see the Commerzbank master scale in the Group Risk Report) and the fair value is lower than amortised cost.

If the reasons for an impairment of debt instruments cease to apply, the impairment is reversed through profit or loss, but to no more than the level of amortised cost. Any amount exceeding amortised cost is recognised in the revaluation reserve.

- Other financial liabilities:
  All financial liabilities that are not classified as held for trading and to which the fair value option was not applied are allocated to the category other financial liabilities. This category includes liabilities to banks and customers, securitised liabilities and subordinated debt instruments. Measurement of these assets is at amortised cost. Premiums and discounts are recognised in net interest income over the life of the liability.

c) Net gains or losses

Net gains or losses include fair value measurements recognised in profit or loss, currency translation effects, impairments, impairment reversals, gains realised on disposal, subsequent recoveries on written-down financial instruments and changes recognised in the revaluation reserve classified in the respective IAS 39 categories. The components are detailed for each IAS 39 category in the condensed statement of comprehensive income, the notes on net interest income, loan loss provisions, net trading income and net income from financial investments.

d) Financial guarantee contracts

IAS 39 defines a financial guarantee contract as a contract that requires the issuer to make specified payments that reimburse the holder for a loss they incur because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. This can include, for example, bank guarantees (see Note 87). If Commerzbank is the guarantee holder, the financial guarantee is not recorded in the accounts and only recognised when determining an impairment of a guaranteed asset. As the issuer, the Commerzbank Group recognises the liability arising from a financial guarantee at inception. Initial measurement is at fair value at the time of recognition. In general terms, the fair value of a financial guarantee contract at inception is zero because for fair market contracts the value of the premium agreed normally corresponds to the value of the guarantee obligation (known as the net method). Subsequent measurement is at the higher of amortised cost or the provision that is required to be recognised in accordance with IAS 37 and IAS 39 if payment of the guarantee becomes probable.

If a financial guarantee is a component of a financing commitment where there is an intention to trade, the financial guarantee also has to be classified as held for trading. Such financial guarantees are then treated in accordance with the rules for held-for-trading instruments rather than those set out above (see Note 5b).

e) Embedded derivatives

IAS 39 also regulates the treatment of derivatives embedded in financial instruments (embedded derivatives). These include, for example, reverse convertible bonds (bonds that may be repaid in the form of equities) or bonds with index-linked interest payments. According to IAS 39, under certain conditions the embedded derivative must be shown separately from the host contract as a stand-alone derivative.

Such a separation must be made if the following three conditions are met:

- the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative under IAS 39; and
- the hybrid (combined) contract is not measured at fair value through profit or loss.

In this case, the separately shown embedded derivative is regarded as part of the trading portfolio and recognised at fair value. Changes on remeasurement are recognised in the income statement under net trading income. The host contract is accounted for and measured applying the rules of the category to which the financial instrument is assigned.

If the above three conditions are not met, the embedded derivative is not shown separately and the hybrid financial instrument or structured product is measured as a whole in accordance with the general provisions of the category to which the financial instrument is assigned.

f) Hedge accounting

IAS 39 contains extensive hedge accounting regulations which apply if it can be shown that the hedging instruments – especially derivatives – are employed to hedge risks in the underlying non-trading transactions. Two main types of hedge accounting are used:

- Fair value hedge accounting:
  IAS 39 prescribes the use of hedge accounting to avoid a distorted impact on earnings for derivatives which serve to hedge the fair value of assets or liabilities against one or more defined risks. Especially in case of fixed-income securities the Group's issuing and lending business and the securities holdings for liquidity management are subject to interest rate risk. Interest rate swaps are primarily used to hedge these risks.
  In line with the regulations for fair value hedge accounting, the derivative financial instruments used for hedging purposes are recognised at fair value as fair values of derivative hedging instruments. Any changes in the fair value of the hedged asset or hedged liability resulting from an opposite move in the hedged risk are also recognised in profit or loss under net income from hedge accounting. Counterbalancing changes on remeasurement associated with the hedging instruments and the hedged underlying transactions are recognised in the income statement as net income from hedge accounting. Any portion of the changes in fair value that are not attributable to the hedged risk are accounted for in accordance with the rules of the valuation category to which the hedged asset or liability belongs. For interest rate risks fair value hedge accounting can either be a micro fair value hedge or a portfolio fair value hedge:
  – In micro fair value hedge accounting an underlying transaction is linked with one or more hedging transactions in a hedging relationship. The carrying amounts of the hedged transactions are adjusted through profit or loss in the event of changes in fair value attributable to the hedged risk.
  – In a portfolio fair value hedge interest rate risks are hedged at the portfolio level. Not individual transactions or groups of transactions with a similar risk structure are hedged, but rather a portfolio of underlying transactions is created grouped by maturity bands in accordance with the expected repayment and interest adjustment dates. Portfolios may contain only assets, only liabilities, or a mixture of both. In this type of hedge accounting, changes in the fair value of the underlying transactions are reported in the balance sheet as a separate asset or liability item.
- Cash flow hedge accounting:
  IAS 39 prescribes the use of cash flow hedge accounting to avoid a distorted impact on profit or loss for derivatives which serve to hedge the risk of a change in future cash flows. Interest rate swaps are primarily used to hedge these cash flows. Derivatives used in cash flow hedge accounting are measured

at fair value. The effective portion of gains and losses are recognised net of deferred taxes in the cash flow hedge reserve under equity. The ineffective portion, on the other hand, is reported in the income statement in net income from hedge accounting. The general accounting rules set out above for the underlying transactions of the hedged cash flows remain unchanged by this.

The application of hedge accounting rules is tied to a number of conditions. These relate above all to the documentation of the hedging relationship and also to its effectiveness.

The hedge must be documented at inception. Documentation must include in particular the identification of the hedging instrument, the related hedged item or transaction, the nature of the risk being hedged and how effectiveness of the hedge is assessed. In addition to documentation, IAS 39 requires the effectiveness of a hedge to be demonstrated during the entire term of the hedge in order for hedge accounting rules to be applied. Effectiveness in this context means the relationship between the change in fair value or cash flow of the hedged item and the change in fair value or cash flow of the hedging instrument. If these changes offset each other almost fully, a high degree of effectiveness exists. Proof of effectiveness requires, firstly, that a high degree of effectiveness can be expected from a hedge in the future (prospective effectiveness). Secondly, when a hedge exists, it must be regularly demonstrated that it was highly effective during the period under review (retrospective effectiveness). Both the retrospective and prospective effectiveness must be within a range of 0.8 to 1.25.

Commerzbank uses regression analysis to assess effectiveness in micro fair value hedge accounting. The changes in fair value of the hedged transaction and the hedging instrument are determined by means of historical simulations for the prospective effectiveness test, while the actual changes in fair value are used for the retrospective effectiveness test. Regression analysis is also used for the prospective effectiveness test in portfolio fair value hedge accounting, while the dollar-offset method is used for the retrospective effectiveness test.

(6) Currency translation

Monetary assets and liabilities denominated in foreign currencies and pending spot foreign exchange transactions are translated at the spot mid rate on the balance sheet date. Realised income and expenses are normally translated using the spot rate applying on the date of realisation.

Average exchange rates may also be used to translate income and expenses, provided the prices on the balance sheet date have not undergone major fluctuations. Hedged expenses and income are translated using the hedging rate. Expenses and income resulting from the translation of balance sheet items are recognised in profit or loss under net trading income.

Non-monetary items such as equity holdings are generally translated at historic exchange rates, if they are measured at amortised cost. If they are measured at fair value, the current rate method for foreign exchange translation is used. Gains and losses on the translation of non-monetary items are recognised either in equity or profit or loss depending on the way the net gain or loss is recognised.

Monetary and non-monetary assets and liabilities in the financial statements of consolidated subsidiaries and companies accounted for using the equity method are translated at the exchange rate prevailing on the balance sheet date, while income and expenses are normally translated at the exchange rate on the transaction date. For simplification purposes a price can be used for translation which represents an approximation of the exchange rate on the transaction date, for example the average exchange rate over a period. All differences arising on translation are recognised as a separate component of equity in the currency translation reserve. Effects arising from the translation of the capital components of subsidiaries included in the consolidation of the capital accounts are recognised in equity in the currency translation reserve. On the date of the sale or partial sale of companies reporting in foreign currency, the translation gains or losses are recognised in profit or loss under net investment income. Even if an equity holding in a foreign currency is reduced without being fully deconsolidated, the effect of this partial reduction on the currency translation reserve is recognised in profit or loss.

(7) Cash reserve

The cash reserve consists of cash on hand, balances held at central banks and debt issued by public-sector borrowers. With the exception of debt issued by public-sector borrowers, which is shown at fair value, all the items are stated at their nominal value.

(8) Claims

The Commerzbank Group's claims on banks and customers which are not held for trading and are not quoted on an active market are reported at amortised cost. Premiums and discounts are recognised in net interest income over the term of the claim. Claims on banks and customers for which the fair value option is applied are accounted for at fair value. The carrying amounts of claims to which micro fair value hedge accounting is applied are adjusted for changes in fair value attributable to the hedged risk. In portfolio fair value hedge accounting changes in fair value are reported in the balance sheet item value adjustments for portfolio fair value hedges.

(9) Loan loss provisions

We make provision for the particular risks of on- and off-balance sheet lending in the loans and receivables category in the form of specific loan loss provisions (SLLPs), portfolio loan loss provisions (PLLPs) and general loan loss provisions (GLLPs).

When determining provisioning levels the fundamental criteria include whether the claims are in default or not and whether the claims are significant (over €3m) or insignificant (up to €3m). All claims which are in default under the Basel 3 regulations are identified as in default or non-performing. The following events can be indicative of a customer default:

- Imminent insolvency (over 90 days past due).
- The Bank is assisting in the financial rescue/restructuring measures of the customer with or without restructuring contributions.
- The Bank has demanded immediate repayment of its claims.
- The customer is in insolvency proceedings.

For significant claims which are in default we recognise specific loan loss provisions in accordance with uniform standards across the Group. The net present value of the expected future cash flows is used to calculate both specific valuation allowances as well as specific loan loss provisions. In addition to the expected payments the cash flows include the expected proceeds from realising collateral and other recoverable cash flows. The loan loss provision or valuation allowance is therefore equal to the difference between the carrying value of the loan and the net present value of all the expected cash flows. The increase in the net present value over time using the original effective interest rate (unwinding) is recognised as interest income. If the reason for the impairment ceases to apply, it is reversed through profit or loss.

A portfolio loan loss provision (PLLP impaired) is recognised for insignificant defaulted claims using internal parameters.

For non-defaulted claims we account for credit risk in the form of general loan loss provisions (GLLPs). The level of the general loan loss provisions, both for on- and off-balance sheet lending, is determined using parameters derived from Basel 3 methodology.

We deduct the total loan loss provision, insofar as it relates to on-balance sheet claims, directly from the respective asset item. However, the provision for losses in off-balance sheet business (e.g. contingent liabilities, lending commitments) is shown under provisions for lending business.

Unrecoverable accounts for which no specific loan loss provisions have been formed are written off immediately. Amounts recovered on claims written off are recognised in the income statement under loan loss provisions. Impaired claims are (partially) written down, utilising any specific provisions, if such claims prove to be partially or entirely unrecoverable. Amounts recovered in excess of the claim on claims that have been partly written down are recognised as a write-up. We directly write off portions of impaired claims that exceed existing loan loss provisions if they are unrecoverable.

(10) Repurchase agreements and securities lending

Repurchase agreements include repo and reverse repo transactions. Repo transactions combine the spot purchase or sale of securities with their forward sale or repurchase, the counterparty being identical in both cases. The securities sold under repurchase agreements (spot sale) continue to be recognised and measured in the Group balance sheet as part of the securities portfolio in accordance with the category to which they are assigned. The securities are not derecognised as we retain all risks and opportunities connected with the ownership of the security sold under the repurchase agreement. The same risks and opportunities therefore apply to financial assets which have been transferred but not derecognised as apply to the non-transferred financial assets described in Note 5.

The inflow of liquidity from the repo transaction is shown in the balance sheet as a liability to either banks or customers, depending on the counterparty. Agreed interest payments are recognised as interest expense in net interest income according to maturity.

The outflows of liquidity arising from reverse repos are accounted for as claims on customers or banks. They are measured either at fair value using the fair value option or at amortised cost. The securities bought under repurchase agreements which underlie the financial transaction (spot purchase) are not carried in the balance sheet and are thus not measured. Agreed interest payments in reverse repos are recognised as interest income within net interest income according to maturity.

We conduct securities lending transactions with other banks and customers in order to meet delivery commitments or to enable us to effect securities repurchase agreements. We report these transactions in a similar manner to securities repurchase transactions. Securities lent remain in our securities portfolio (trading assets or financial investments) and are measured according to the rules of IAS 39. Borrowed securities do not appear in the balance sheet, nor are they valued. In securities lending transactions, the counterparty credit risk can be avoided by obtaining collateral, which may be provided in the form of cash, for example. Collateral furnished for a securities lending transaction is known as cash collateral out and collateral received as cash collateral in. In addition, cash collaterals are deposited or received as collateral in connection with derivative transactions. We show cash collateral which we have furnished for securities lending transactions as a claim and collateral received as a liability. Interest and expenses from securities lending transactions are recognised in net interest income according to maturity.

(11) Value adjustment on portfolio fair value hedges

This item contains interest-rate-related positive and negative changes in the fair value of hedged transactions for which portfolio fair value hedge accounting is used.

(12) Positive fair values of derivative hedging instruments

This item contains derivative financial instruments used for hedging purposes which qualify for hedge accounting and have a positive fair value. The hedging instruments are measured at fair value.

(13) Trading assets

Under trading assets we report financial instruments measured at fair value and held for trading purposes. These include fixed income and equity securities, promissory note loans and units in investment funds. Also shown at fair value are all derivative financial instruments which are not used as hedging instruments in hedge accounting and have a positive fair value. Lending commitments with a positive fair value allocated to the trading book are also shown in this item.

(14) Financial investments

Financial investments are financial instruments not assigned to any other balance sheet item. Financial investments comprise all bonds, notes and other interest-rate-related securities, shares and other equity-related securities, units in investment funds, equity holdings and holdings in non-consolidated subsidiaries unless they must be treated as assets held for sale as defined by IFRS 5. Holdings in companies not accounted for using the equity method and in joint ventures are reported as financial investments under equity holdings.

Financial instruments from the loans and receivables category contained in financial investments are measured at amortised cost. Portfolio items classified as available-for-sale financial assets are recognised and measured at their fair value.

Premiums and discounts are recognised in net interest income over the lifetime of the asset. Net interest income also includes interest income from bonds, dividends on shares including shares in unconsolidated affiliated companies and current gains or losses from equity holdings.

If, however, an effective fair value hedge with a derivative financial instrument exists for financial instruments reported in this item, then that portion of the change in fair value attributable to the hedged risk is shown under net income from hedge accounting. Changes in the fair values of financial investments to which the fair value option has been applied are recognised in the net gain or loss from application of the fair value option, which is part of net trading income.

(15) Intangible assets

Intangible assets mainly consist of software, customer relationships and goodwill. When assessing whether to recognise the development costs of in-house developed software as an intangible asset, the main criteria applied are the ability to reliably determine the manufacturing costs and the probability of the future flow of benefits. Research costs are not recognised as an asset. Intangible assets are reported at amortised cost. Due to their finite useful economic lives software and customer relationships are written off on a straight-line basis over their prospective useful lives. Moreover, the assets are reviewed at every balance sheet date to determine whether the carrying amounts exceed the recoverable amounts. If so, an impairment is recognised. In the case of goodwill our assumption is that it can generate cash flows indefinitely. As a result goodwill with an indefinite useful economic life is not amortised, but is instead tested for impairment at least once a year.

Impairment test methodology for goodwill

All goodwill is allocated to the cash-generating units at the time of acquisition. Commerzbank has defined the segments as cash generating units in accordance with IFRS 8. Further details on the segments are provided in Note 45. In accordance with IAS 36 these assets are tested for impairment at the level of the cash generating units at least at every balance sheet date or if a trigger event occurs. In the process, the carrying amount of the capital employed in a segment as cash-generating unit (including the attributed goodwill) is compared with the recoverable amount of these assets. The carrying amount of the capital employed is determined by allocating the Group's capital to the cash-generating units. First all directly allocable components are allocated to the segments and then the remaining capital is allocated to the segments in proportion to their total risk-weighted assets. Solely for the purposes of the goodwill impairment test, the Group equity allocated to Others and Consolidation is allocated completely to the other segments based on the ratio of risk-weighted assets to total risk-weighted assets. The recoverable amount is the higher of value in use and fair value less cost of disposal. The value in use is based on the expected results of the unit and the cost of capital as set out in the multi-year planning for the individual segments approved by the board. Again, solely for the purposes of the impairment test, the main expenses in Others & Consolidation are also distributed to the segments based on a precise key. If the value in use falls below the carrying amount, the fair value less costs of disposal is also calculated. The higher of the two figures is reported.

Assumptions of the impairment test for goodwill

Commerzbank uses the Capital Asset Pricing Model (CAPM), with inputs mainly from parameters observable on the market, in order to calculate goodwill using the discounted cash flow calculation. The risk-adjusted interest rates deriving from the model are used to discount the expected cash flows of the cash-generating units. This produces the recoverable amount, which can be higher or lower than the carrying amount. If the recoverable amount is lower than the carrying amount, Commerzbank initially recognises an impairment on the goodwill of the cash-generating unit, which is reported under impairments of goodwill in the income statement. Any additional impairment required is divided pro-rata between the remaining assets in the unit. The expected results of the cash-generating units are generally based on the segments' multi-year planning, which has a horizon of four years. If projections are needed for financial years beyond this, a sustainable level of results and a constant growth rate based on forecasts for GDP growth and inflation are assumed, which is then incorporated in the calculation of the long-term growth rate. A long-term growth rate of 1.5% is assumed for the Private Customers, Mittelstandsbank and Corporates & Markets segments (previous year: 1.5%) and 1.75% for the Central & Eastern Europe segment (previous year: 1.75%). In addition to profitability projections the multi-year planning also involves forecasts for risk-weighted assets and capital employed, subject to the regulatory minimum capital ratios. The main value drivers are receivables volumes, net interest income after loan loss provisions and net commission income. Risk assets are a further sensitive planning parameter. The projections are based on forecasts from the economic research department for the main parameters such as movements in interest rates, exchange rates, equity and bond markets. Planning is based both on management's past experience and an assessment of risks and opportunities in line with the forecasts. The main management assumptions on which the cash flow forecasts for each cash-generating unit are based and the management approach chosen are set out in the following table:

Segment	Main assumptions	Management approach
Private Customers	New private customer strategy – strategic investment in growth with simultaneous stabilisation of costs: • Continuing to develop from a branch bank to a multi-channel bank • Creating growth through innovative approaches to new customer growth and serving the existing customer base with an attractive digital strategy • Boosting efficiency by digitising processes, streamlining the product range and through active cost management by optimising organisational structures • Growth path of Commerz Real • Growth path of comdirect by expanding innovative and smart asset management in securities	• Central assumptions are based on internal and external studies on the economic development and the market • Management projections for growth in new customers and the stabilisation of costs are based on progress achieved so far • Institutionalised customer surveys and measurement of customer satisfaction
Mittelstands-bank	Further strategic expansion and strengthening of its position through: • Gaining new customers, particularly among smaller Mittelstand companies, while increasing market share among the larger Mittelstand and large customers • International growth by scaling up the existing business model • Further expanding the loan business and thus boosting net interest income • Strengthening the commercial business with the aim of further expanding Commerzbank's market position in the trade services business • Implementation of a systematic and overarching digitisation strategy by creating or modernising access channels, products and services including the underlying processes and IT infrastructure • Investing to realise the strategic targets particularly in IT infrastructure • Efficiency measures to slow down the rise in costs • Increasing profitability through capital management and mitigating the impact of the low interest rate environment	• Use of internal and external sources for main economic assumptions • Stabilisation of costs based on progress achieved so far • Management estimates of planned revenue growth based on investments already carried out and planned • Analyses of market potential form the basis for boosting market share and winning new customers • Above-average growth opportunities at international locations • Market analysis and customer surveys on relevant digitisation issues • Awareness of the impact of regulatory changes

Segment	Main assumptions	Management approach
Central & Eastern Europe	Continued implementation of the One Bank strategy for organic growth: • Digitisation strategy with multichannel approach, particularly in the private customer business (expansion of market leadership in mobile & transaction banking) • Cooperation with Orange, the largest mobile phone provider in Poland • Cooperation with AXA to add innovative insurance products to the product range • Access to the existing integrated branch network to be opened to all customer groups • Further strengthening our position in the medium-sized corporate customer business and expanding the cross-border corporate business • Diversification of funding, particularly through customer deposits and use of the capital market • Efficient cost management	• Central assumptions based on internal and external studies on the outlook for the economy and banking sector growth • Management projections of market potential from new business growth, cross-selling and efficiency measures • All initiatives as part of the One Bank strategy are based on business plans developed by management
Corporates & Markets	• Gradual stabilisation of the capital markets with continued vulnerability to higher short-term volatility and international turmoil • Generation of revenues in corporate finance by supporting our customers in financing their companies and optimising their balance sheet structure • Growth in credit portfolio management through the expansion of loan books in selected markets • Stable revenues in Fixed Income & Currencies • Growth in Equity Markets & Commodities primarily from higher revenues from index-based certificates and asset management products • Continued cost cuts through simplification and harmonisation of processes	• Use of internal and external sources for main economic and financial market assumptions • Analysis of customer needs for hedging and liquidity products • Market situation incorporated in estimates of volumes and margins • Bringing results of optimisation and rationalisation projects to fruition and compensating for regulatory costs • Broad and balanced structure of the segment to manage temporary volatility in the different capital markets

Due to the assumptions underlying the cash flow forecasts and the uncertainties that are inevitably involved, the following circumstances may have an adverse impact on the cash flow forecasts of the cash-generating units (the list is not exhaustive):

- Macroeconomic environment worse than expected
- Interest rate outturn differs from economic forecast
- Uncertainties about the regulatory environment, particularly the implementation of new rules at a European level
- Greater intensity of competition than assumed

Risk-adjusted interest rates (before tax) were calculated on the basis of the risk-free interest rate, the market risk premium and the systematic risk (beta factor). We drew on data from external providers for the risk-free interest rate and the market risk premium. The beta factor was calculated on the basis of segment-specific comparator groups reflecting the specific investment risk of the segments.

Risk-adjusted interest rate	2015	2014
Private Customers	9.6%	11.7%
Mittelstandsbank	10.8%	12.1%
Central & Eastern Europe	9.2%	9.4%
Corporates & Markets	10.9%	12.3%

We amortise acquired customer relationships over a period of ten to fifteen years, charging this to operating expenses.

Software is amortised on a straight-line basis over its expected useful economic life of usually 3 to 7 years, and sometimes up to 20 years, and charged to operating expenses. Software includes both in-house developed software and acquired software. Where the reason for an impairment recognised in previous financial years ceases to apply, the impairment of intangible assets is reversed to no more than amortised cost. Impairment reversals are not permitted for goodwill.

(16) Fixed assets

The land and buildings, self-operated ships as well as office furniture and equipment shown under this item are recognised at cost less depreciation. Impairments are made in an amount by which the carrying value exceeds the higher of fair value less costs to sell and the value in use of the asset.

Where the reason for recognising an impairment in previous financial years ceases to apply, the impairment is reversed to no more than amortised cost.

In determining the useful life, the likely physical wear and tear, technical obsolescence and legal and contractual restrictions are taken into consideration. All fixed assets are depreciated or written off largely over the following periods, using the straight-line method:

	Expected useful life years
Buildings	25–50
Office furniture and equipment	3–25
Self-operated ships	5–25

In line with the materiality principle, purchases of low-value fixed assets were recognised immediately as operating expenses. Profits realised on the disposal of fixed assets appear under other income, with losses being shown under other expenses.

(17) Leasing

In accordance with IAS 17, a lease is classified as an operating lease if it does not substantially transfer to the lessee all the risks and rewards incidental to ownership. By contrast, leases where substantially all of the risks and rewards are transferred to the lessee are classified as finance leases. The present value of the lease payments is central to determining the risks and rewards of the lease. If the present value equals at least the amount invested into the leased asset, the lease is classified as a finance lease.

The Group as lessor

The assets where the Group acts as lessor include in particular chartered ships, technical equipment and machines, real estate and office furniture and equipment (e.g. vehicles, machinery and equipment).

- Operating leases
  If the risks and rewards of ownership remain substantially with the lessor, the asset will continue to be reported on the balance sheet. Leased assets are normally reported in the Group balance sheet under other assets. Leased assets are shown at cost, less depreciation and/or impairments over their useful economic lives. Unless a different distribution is appropriate in individual cases, we recognise the proceeds from leasing transactions on a straight-line basis over the lifetime of the lease and report them under other net income. Investment properties let under operating leases are contained in the investment properties item on the balance sheet (see Note 18).
- Finance leases
  If virtually all the risks and rewards relating to the leased asset are transferred to the lessee, the Commerzbank Group recognises a claim on the lessee. The claim is shown at its net present value (net investment value at the inception of the lease less repayments). Lease payments received (annuities) are divided into an interest portion and a repayment portion. The income is recognised as interest income over the lifetime of the lease.

Ship leases usually include a fixed chartering period. The lease agreements usually include an option for the lessee to buy or to extend the lease. The ships are written off over a 25-year period.

The payments to be made by lessees are calculated based on the total investment costs less the residual value of the leased asset (real estate, ships) as determined at the start of the lease agreement. During the fixed basic rental period lessees bear all the asset-related costs and the third-party costs of the leasing company. The risk of unexpected or partial loss of the leased asset is borne by the lessors.

Lease agreements for moveable assets are structured as partially amortising agreements with the possibility of subsequent purchase and can be terminated. Because the fixed rental period is shorter in relation to the normal length of use in the case of partially amortising agreements, only part of the total investment costs are amortised.

Leases which may be terminated have no fixed rental period. In the event of termination a previously agreed final payment becomes due, which covers the portion of the total investment costs not yet amortised. If notice of termination is not given, the lease rolls over. The risk of unexpected or partial loss of the leased asset is then borne again by the lessor.

The Group as lessee

Expenditure on operating leases is always recorded on a straight-line basis over the life of the lease agreement and reported under operating expenses.

Finance leases where the Commerzbank Group is a lessee are of minor significance.

(18) Investment properties

Investment properties are defined as land and buildings held for the purpose of earning rental income or because they are expected to increase in value. Commerzbank Group also reports properties acquired as a result of the realisation of collateral (rescue purchases) and properties owned by the Commerzbank Group that are let under operating leases in this category. Commercial property accounts for the bulk of the investment properties.

Investment properties are measured at cost including directly attributable transaction costs on initial recognition in accordance with IAS 40. The fair value model is used for the subsequent valuation of investment property. Fair value is normally determined on the basis of valuations conducted by external and internal experts and on prices currently obtainable in the market. Properties used for commercial purposes are usually valued based on capitalised income; individual residential buildings are generally valued using the cost or sales comparison approach. The valuation of the properties using the capitalised income approach is based on standard rental values for the locality, with discounts for management, acquisition costs and vacancy rates, and on remaining useful lives and land values. In some cases contractually agreed rents are also used. The property yield, which is a further input in the valuation process, takes account of the market interest rate level and the specific property and location risk attaching to the property. The main parameters observable on the market are local rent levels and property yields.

Gains and losses arising from changes in fair value are shown under other net income in the income statement for the period. Current income and expenses are recognised in net interest income.

(19) Assets and disposal groups held for sale

Non-current assets and disposal groups that can be sold in their current condition and whose sale is highly probable must be classified as held for sale. These assets must be measured at fair value less costs to sell in cases where this is lower than book value. However, for interest-bearing and non-interest-bearing financial instruments and investment property the only accounting change is the reclassification to the relevant balance sheet items in accordance with IFRS 5. They continue to be measured in accordance with IAS 39 or IAS 40.

If impairments are established as a result of measurement in accordance with IFRS 5, these are recognised in the corresponding position in the income statement, depending on the underlying transaction. Any subsequent write-up is limited to the total of impairments previously recognised.

The current net income from assets and disposal groups held for sale is normally recognised under the same item in the income statement as for other assets and disposal groups without the classification of being held for sale. Gains and losses on the disposal of disposal groups are divided up and recognised in the relevant line of the income statement.

(20) Debt (including financial liabilities)

In addition to our financial liabilities, the debt comprises all items on the liabilities side of the balance sheet with the exception of equity. The financial liabilities primarily consist of the liabilities to banks and customers, securitised liabilities and liabilities from our subordinated debt instruments.

If they are not held for trading purposes, financial liabilities are carried at amortised cost. The derivatives embedded in liabilities are separated from their host debt instrument where this is required, measured at fair value and recognised under either trading assets or trading liabilities. In micro fair value hedge accounting, hedged liabilities are adjusted for the change in fair value attributable to the hedged risk. In portfolio fair value hedge accounting the changes in fair value are reported under liabilities as value adjustments for portfolio fair value hedges. Liabilities for which the fair value option is used are recognised at their fair value.

Please also refer to Notes 21 to 24 and 26 for more information on the accounting treatment of liabilities.

(21) Negative fair values of derivative hedging instruments

This item shows derivative financial instruments that are used for hedging purposes and qualify for hedge accounting if they have a negative fair value. The hedging instruments are measured at fair value.

(22) Trading liabilities

Derivative financial instruments which are not used as hedging instruments in hedge accounting as well as lending commitments in the trading book which have a negative fair value are reported under trading liabilities. We also report own issues in the trading book and delivery obligations from short sales of securities in this item. Trading liabilities are measured at fair value through profit or loss.

(23) Provisions

A provision must be shown if on the balance sheet date, as the result of an event in the past, a current legal or factual obligation has arisen, an outflow of resources to meet this obligation is likely and it is possible to make a reliable estimate of the amount of this obligation. Accordingly we make provisions for liabilities of an uncertain amount to third parties and anticipated losses arising from pending transactions in the amount of the claims expected. The amount recognised as a provision represents the best possible estimate of the expense required to meet the current obligation as at the reporting date. Risks and uncertainties (including with regard to the actual level of the costs at the date of any utilisation of the provision and potential increases in costs for long-term provisions) are taken into account in the estimate. Provisions are recognised at their net present value if they are long-term.

Allocations to the different types of provisions are made via various items in the income statement. Provisions for lending business are charged to loan loss provisions and provisions for restructuring are charged to restructuring expenses. Other provisions are generally charged to operating expenses and released through other net income.

Companies within the Commerzbank Group are involved both in Germany and other countries in court and arbitration cases (legal proceedings) and in out-of-court and supervisory proceedings (recourse claims) as defendants and claimants or in other ways. Moreover, legal cases in which Commerzbank and its subsidiaries are not directly involved could have an impact on the Group because of their fundamental importance for the banking sector. The Group recognises appropriate provisions for proceedings and recourse claims, with the charge shown in other net income, if a loss is likely and can be determined sufficiently accurately. Recourse claims relate, for example, to reimbursements of processing fees for consumer loans which have been ruled as invalid and possible claims from customer misselling. In the case of provisions for legal proceedings, the procedure differs depending on whether a company within the Group is the claimant (active proceedings) or defendant (passive proceedings). In active proceedings provisions are recognised for the legal and court fees and ancillary costs, although this may vary based on the specific practices in each country. In passive proceedings provisions are also recognised for the value in dispute on each balance sheet date based on an estimate of the probability of loss. However, the Group's ultimate liability may differ from the provisions that have been recognised, as a high degree of judgement is involved in estimating the probability of uncertain liabilities in such legal proceedings and quantifying them. These estimates may turn out to be inaccurate at a later stage of the proceedings. Legal risks for which no provisions have been recognised and where the occurrence of a loss may not be probable, but is not improbable either, are reported as contingent liabilities (see Note 29).

Restructuring provisions are recognised if the Commerzbank Group has a detailed formal restructuring plan and has already begun implementing this plan or has announced the main details of the restructuring. The detailed plan must contain information on the departments and main locations involved, the approximate number of staff whose jobs are affected by the restructuring, the costs involved and the period during which the restructuring will be carried out. The detailed plan must be communicated in such a way that those affected can expect it to be realised. The restructuring expenses item in the income statement can contain further direct restructuring expenses which are not included in the restructuring provision.

(24) Provisions for pensions and similar commitments

The company pension arrangements for current and former employees of Commerzbank Aktiengesellschaft and a number of domestic and foreign subsidiaries, together with their surviving dependants, consist of direct and indirect pension commitments (comprising both defined benefit and defined contribution plans).

Commerzbank mainly uses the BVV pension scheme to meet its indirect pension commitments. This is also used by other BVV member companies for occupational pension provision. Membership of BVV forms part of Commerzbank's works council agreement, and its membership of BVV therefore cannot be terminated. The payment of contributions to the BVV pension scheme by the member companies and the payment of benefits by the BVV pensions scheme are determined by the applicable BVV pension plan. Contributions take the form of a percentage contribution rate, which is payable out of the gross monthly salary of active staff. Contributions are capped by a maximum contribution threshold. These indirect systems are defined benefit plans which are shared jointly by several employers. However, they are accounted for as defined contribution plans, as we do not have enough information on our share of the overall defined benefit obligation of each BVV plan and on the share of the relevant plan assets attributable to us. The contributions paid to the external pension providers are recognised under personnel expenses. Under the German occupational pensions legislation, the employer is liable for meeting the pension commitment provided through BVV. However, no provisions for the BVV pension commitment were recognised either in the current or previous business years, as recourse to this statutory liability is regarded as unlikely.

The Group also operates defined benefit plans based on a direct pension commitment on the part of Commerzbank, where the level of the pension payment is pre-defined and dependent on factors such as age, salary level and length of service. IAS 19 accounting principles for defined benefit pension plans are applied to these pension schemes, and therefore provisions are recognised.

For employees entitled to pension benefits who joined Commerzbank Aktiengesellschaft or certain other consolidated companies before 31 December 2004, the pension entitlements are based on the regulations of the Commerzbank modular plan for company pension benefits, known as the CBA. The amount of the benefits under CBA consists of an initial module for the period up to 31 December 2004, plus a benefit module – possibly augmented by a dynamic module – for each contributory year from 2005 onwards; the benefits are structured as a lifelong pension with the option to take a lump sum. Staff joining the Bank after 1 January 2005 have pension rights under the Commerzbank capital plan for company pension benefits, known as the CKA. The CKA guarantees a minimum benefit on the modular basis, but also offers additional opportunities for higher pension benefits through investing assets in investment funds.

Since 1 January 2010 the direct pension arrangements for staff formerly employed by Dresdner Bank Aktiengesellschaft have also been based on the company pension modules (CBA).

Furthermore, some foreign subsidiaries and branches, primarily in the United Kingdom and the USA, also have defined benefit and defined contribution plans.

In addition to the occupational pension plans, there is an internally-financed healthcare plan in the United Kingdom which entitles members in retirement to reimbursement of medical costs or a contribution to private medical insurance. The resulting obligations are accounted for according to the rules for defined benefit pension plans as specified by IAS 19. The contributions mentioned above were frozen at their current level in 2015. As these contributions were regularly updated in the past, this change in the plan resulted in a negative past service cost of €8m, which was reported as income in the personnel expenses.

In order to meet the direct pension liabilities in Germany, cover assets were transferred to a legally independent trustee, Commerzbank Pension Trust e. V. (CPT) under a Contractual Trust Arrangement (CTA). The assets held by CPT and the cover assets for pension obligations in our foreign units qualify as plan assets within the definition of IAS 19.8. The trust agreements signed by Commerzbank Aktiengesellschaft and other group companies in Germany with the CPT also provide insolvency insurance for the direct occupational pension commitments funded by plan assets. The insolvency insurance covers all vested benefits of active and former employees and all current benefits being paid to pensioners. It covers the portion of vested or current benefits that are not covered by Pensions-Sicherungs-Verein (PSV), the German pensions insurance fund.

The trust agreements do not require the trustor companies to pay in contributions. However, the plan assets must cover the liabilities not covered by PSV at all times. The companies that are party to the agreements may only request rebates from the plan assets for pension benefits that have been paid up to this limit.

The investment guidelines for the German plan assets are laid down jointly by the Board of Managing Directors of Commerzbank Aktiengesellschaft and the CPT. There are no legal requirements for the investment guidelines. The investment management is carried out by the Executive Pension Committee (EPC), which follows a liability-driven investment (LDI) approach as part of its Asset Liability Management (ALM). It also sets the framework for determining the actuarial assumptions. The main aim of the EPC's investment strategy is to replicate the future cash flows for the pension liabilities using derivatives for interest rates, inflation and credit spreads, with the aim of reducing the risks directly attributable to the future development of the pension liabilities. Apart from the usual pension risks such as inflation and biometric risks there are no other unusual risks at Commerzbank. The portfolio of the plan assets is well-diversified and mainly comprises fixed-income securities, equities and alternative investments (see Note 68).

The pension plans outside Germany have their own trust structures independent from the CPT. Overall they currently represent around 15% of the Group's total pension liabilities. The EPC also acts as the steering committee for the plan assets of the foreign pension plans. Different national regulations also apply in each of the foreign countries. However, these plans also generally use an LDI approach. The biggest plan sponsors outside Germany are the Group units in London (around 85%), New York and Amsterdam, which all together account for around 95% of the non-German pension liabilities. Most of the foreign pension schemes are funded defined benefit plans. In some cases there are also pension liabilities on a small scale outside Germany that are not covered by plan assets.

In accordance with IAS 19.63 the net liability or net asset resulting from the present value of the defined benefit obligations less the fair value of the plan assets, subject if applicable to the asset ceiling, is recognised in the balance sheet.

The pension expense reported under personnel expenses and in net interest income consists of several components: firstly the service cost, which together with the current service cost represents the entitlements earned by members during the financial year, also including the past service cost, which arises from changes in the pension obligation of past years as a result of changes in pension commitments; secondly the net interest cost, which arises from the application of the discount rate for calculating the pension obligation to the net defined benefit liability or asset. It represents the difference between the present value of the liabilities and the fair value of the plan assets.

For defined-benefit plans the pension provisions and similar obligations (age-related short-time working, early retirement) and obligations for anniversaries are calculated annually by an independent actuary using the projected unit credit method. Apart from biometric assumptions (the Heubeck-Richttafeln 2005 G in Germany and country-specific biometric tables in other countries), this calculation is relies in particular on a current discount rate based on the yield on high-quality long-term corporate bonds, assumptions regarding staff turnover and career trends as well as expected future rates of salary and pension increases. For German pension obligations, the discount factor is determined using a proprietary Commerzbank model derived from eurozone swap rates with the same maturity and adjusted by a spread premium for high-quality corporate bonds.

The difference between the remeasurement of the pension obligation on the balance sheet date as compared with the value projected at the beginning of the year is the actuarial gain or loss. Actuarial profits and losses are, like the return on plan assets (with the exception of amounts contained in net interest expense/-income), recognised directly in retained earnings within equity and are reported in the statement of comprehensive income.

(25) Remuneration plans

1. Description of the main remuneration plans

a) Commerzbank-Incentive-Plan (CIP)

The Commerzbank Incentive Plan (CIP), which was first launched in 2011, has been revised in response to changing regulatory requirements. The CIP sets out the detailed rules for variable remuneration and applies to the entire Commerzbank Group. In some locations different or supplementary CIP rules apply reflecting local legal or employment law requirements.

Under the CIP employees categorised as "risk-takers" can receive part of their individual variable remuneration as a cash component or as a stock component linked to the performance of the Commerzbank share. The variable remuneration consists of a short-term incentive (STI) and, in the case of risk-takers whose variable remuneration exceeds the risk-taker limit, a long-term incentive (LTI).

A risk-taker is an employee whose role has a material impact on Commerzbank's overall risk profile. The criteria include the function carried out by the employee, whether the employee belongs to a particular group or whether certain criteria determined by the Bank are met. The Bank distinguishes between two types of risk-taker: risk-taker I and risk-taker II, depending on the employee's hierarchical level and the risk relevance of their role. Risk-taker I status applies to employees whose role involves a higher risk relevance.

The risk-taker limit is the amount up to which the payment of a risk-taker's entire variable remuneration for a financial year as a cash STI payment is tolerated by the supervisory authorities, subject to general salary levels in the banking sector. For risk-takers whose variable remuneration does not exceed the risk-taker limit, and for employees without risk-taker status (non-risk-takers), variable remuneration is paid entirely as STI in cash rather than shares. Only if the risk-taker limit is exceeded is the variable remuneration divided up into STI and LTI components subject to the CIP rules applying to these components.

The following rules apply once the risk-taker limit has been exceeded:

- For risk-takers I the STI component is 40% and the LTI component 60% of the potential variable remuneration. Both the STI and the LTI are paid 50% in shares.
- For risk-takersII, the STI component is 60% and the LTI component 40% of the potential variable remuneration. Both the STI and the LTI are paid 50% in shares.

An individual's variable remuneration is determined on the basis of the results of their annual target attainment meeting (performance appraisal I), which is held in the first three months of the following year. The number of Commerzbank shares granted is set at the same time as the variable remuneration for both the STI and the LTI. If risk-takers receive share-based remuneration components, the number of Commerzbank shares is calculated by dividing 50% of the euro amounts in the STI and the LTI by the subscription price. If there are any fractional amounts the number of shares is rounded up. The subscription price is the simple arithmetic average of the Xetra closing prices of the Commerzbank share on all trading days during the reference period (December of the previous year and January and February of the next year).

Under the rules of the share-based remuneration components Commerzbank has the right to make a payment in cash rather than in shares. Use is made of this option as a rule. In the STI the shares, or the optional cash settlement, are subject to a 6-month lockup ("retention period"). The share component of the STI is currently paid in October of the following financial year.

In the LTI the shares can be acquired at the earliest after the expiry of the deferral period, currently three years, provided there are no other grounds under performance appraisal II to block the allocation. Performance appraisal II is held in the first three months after the end of the deferral period and consists of a review of the underlying performance appraisal I and fulfilment of individual and group-specific qualitative targets during the deferral period. If entitlement is confirmed, the final availability of the shares or the optional cash settlement in the LTI is also subject to a 6-month retention period. The LTI is currently paid out in October of the fourth year after the underlying financial year.

In the event of a cash settlement of the share component the cash amount is calculated on the basis of the simple arithmetic average of Xetra closing prices of the Commerzbank share on all trading days during the reference period. The reference period is the month of September preceding the due date of the relevant share-based remuneration component.

If Commerzbank has paid dividends or carried out capital actions during the term of the CIP, an additional cash amount equal to the dividend, or a cash settlement for the capital action, will be paid out when the STI and LTI components mature.

The various remuneration components are estimated in the underlying financial year on the basis of budget forecasts and provisions are recognised proportionally over the lifetime of the plans. Moreover, regular reviews, revaluations based on movements in the share price and/or adjustments of the amounts are carried out throughout the lifetime of the CIP.

b) Share Awards

Share awards are a deferred component of variable compensation where non pay-scale employees of Commerzbank Aktiengesellschaft are allocated virtual Commerzbank shares.

The Commerzbank-Incentive-Plan (CIP) was introduced as a result of the Banking Remuneration Regulation (Instituts-Vergütungsverordnung), which became law in Germany in October 2010. For the financial years from 2011 onwards, share awards are therefore used for selected employees only and will expire by 2017.

c) mBank S. A.

In 2008, mBank S.A. launched two share-based remuneration plans for the members of its Management Board. The members of the Management Board of our subsidiary could participate in these plans from 2009 to 2011. The first plan provided for the subscription of mBank shares. The second plan (modified in 2010) allows for an amount to be drawn in cash corresponding to the Commerzbank share value. The last payout will be made in 2016. In 2012 a new share-based programme was launched in which members of the Management Board can participate up until 2016. Until 2013 this programme comprised both a short-term component (cash payment) and a long-term component which entitled the participants to make regular subscriptions to mBank shares over a period of three years. The programme was modified in 2014 and now consists of cash payments and the subscription of mBank shares in both components over three years. Similar to the 2008 programme, a given quantity of these shares are issued each year and made available to those entitled for purchase at a predetermined price. In addition a significant number of risk-takers were added to this programme in 2015. In all of these programmes participation is linked to a minimum return on equity by the mBank sub-group. The long-term component of the programme from 2012 (modified in 2014) is also linked to the participants' performance assessment.

Both plans, which entitle the participants to subscribe to mBank shares (2008 and 2012, modified in 2014), are classified as share-based payments settled in the form of equity instruments. The second programme from 2008 is accounted for as a cash-settled share-based compensation transaction.

d) Remuneration of the Board of Managing Directors

Please refer to the separate Remuneration Report for a detailed account of the remuneration of members of the Board of Managing Directors.

2. Accounting treatment and measurement

The staff compensation plans described here are accounted for under the rules of IFRS 2 – Share-based Payment and IAS 19 – Employee Benefits. IFRS 2 distinguishes between share-based payments settled in the form of equity instruments and those settled in cash. For both forms, however, the granting of share-based payments has to be recognised at fair value in the annual financial statements.

- Equity-settled share-based payment transactions
  The fair value of share-based payments settled in the form of equity instruments is recognised as personnel expense within equity in retained earnings. The fair value is determined on the date on which the rights are granted.

  If rights cannot be exercised because the conditions for exercise are not met due to market conditions, no change is made to the amounts already recognised in equity. However, if rights cannot be exercised because other conditions for exercise are not met (service and non-market conditions), the amounts already recognised in equity are adjusted through profit or loss.
- Cash-settled share-based payment transactions
  The portion of the fair value of share-based payments settled in cash that relates to services performed up to the date of measurement is recognised as personnel expense while at the same time being recorded as a provision. The fair value is recalculated on each balance sheet date up to and including the settlement date. Any change in the fair value of the obligation must be recognised through profit or loss. On the date of settlement, therefore, the provision must correspond as closely as possible to the amount payable to the eligible employees. The provisions fluctuate on each balance sheet date in parallel with the performance of the Commerzbank Aktiengesellschaft share price. This affects the portion of the share-based variable remuneration that was determined using an average price for the Commerzbank share. The price itself is determined as the average Xetra closing price of the months of January and February plus December of the previous year. In the case of share awards the portion of the provisions attributable to share awards is reassigned from other personnel provisions to the provision for share awards at the date of the award. The provision is calculated as the product of the number of rights allocated multiplied by the average Xetra closing price of Commerzbank shares in January and February of the year of the award and December of the previous year. The provisions fluctuate on each balance sheet date in parallel with the performance of the Commerzbank Aktiengesellschaft share price. Discounts are not applied for staff natural wastage as the share awards do not lapse on the departure or death of an employee. If Commerzbank pays dividends during the vesting period a cash payment equal to the dividend, or cash compensation for a capital action, will be paid out for each CIP and share award at the payout date in addition to the payout value. Provisions are recognised for these payments if applicable.
- Measurement
  The provision for the Commerzbank incentive plan and the share awards is determined by multiplying the number of shares earned by participants by the closing price of the Commerzbank share on 31 December of the reporting year.

The value of Commerzbank shares for the second mBank programme from 2008 is calculated by using average market prices of the Commerzbank share on the date the shares were granted. The expense for the allocations to the provisions can also be recognised over the vesting period, depending on the remuneration plan.

(26) Taxes on income

Current tax assets and liabilities are calculated on the basis of the expected payment to or rebate from each fiscal authority using the current tax rates applicable in the relevant country.

Deferred tax assets and liabilities are formed to reflect differences between the IFRS carrying amounts of assets or liabilities and the taxable value, provided that these temporary differences are likely to increase or reduce future taxes on income and there is no rule against disclosing them. In addition, deferred taxes are recognised for both tax loss carryforwards as well as for as yet unused tax credits. The valuation of deferred taxes is based on income tax rates already approved as at 31 December 2015 and applicable upon realisation of the temporary differences.

Deferred tax assets on tax-reducing temporary differences, unused tax losses and unused tax credits are only recognised if and to the extent that it is probable that the same taxable entity will generate taxable profit in the foreseeable future with respect to the same fiscal authority. To assess impairment, detailed 5-year fiscal profitability projections are made on the basis of the multi-year planning approved by the Board of Managing Directors. Furthermore, recognition is justified if it is likely that a sufficient taxable result will be available even beyond the 5-year time frame.

Deferred tax assets and liabilities are recognised and continued – depending on the reason for the deferral – either under taxes on income in the income statement or directly in equity.

Income tax expenses or income are reported under taxes on income in the Group income statement.

Deferred tax assets and liabilities are netted if there is a right to net current taxes on income and the deferred tax assets and liabilities relate to taxes on income levied by the same fiscal authority on the same taxable entity.

Taxable temporary differences relating to shares in Commerzbank group companies for which no deferred income tax liabilities were recognised amount to €262m (previous year: €308m).

The current and deferred tax assets and current and deferred tax liabilities are set out in the balance sheet and detailed in Notes 58 and 69.

(27) Subordinated debt instruments

We report securitised and unsecuritised issues which in the event of an insolvency can only be repaid after all non-subordinated creditors have been satisfied as subordinated debt instruments. Subordinated debt instruments are reported at amortised cost. Premiums and discounts are recognised in net interest income over the lifetime of the instrument.

Subordinated debt instruments to which the fair value option is applied are reported at fair value.

The carrying amounts of the subordinated debt instruments, to which micro fair value hedge accounting is applied, are adjusted for the changes in fair value attributable to the hedged risk. In portfolio fair value hedge accounting the changes in fair value are reported under liabilities as value adjustments for portfolio fair value hedges.

(28) Fiduciary transactions

Fiduciary business involving the management or placing of assets for the account of others is not shown in the balance sheet. Commissions received from such business are included under net commission income in the income statement.

(29) Contingent liabilities and irrevocable lending commitments

This item mainly shows contingent liabilities arising from guarantees and indemnity agreements as well as irrevocable lending commitments at their nominal value.

Situations where the reporting company acts as guarantor to the creditor of a third party for the fulfilment of a liability of that third party must be shown as guarantees. Indemnity agreements include contractual obligations that involve taking responsibility for a particular outcome or performance. These are normally guarantees issued at a customer's request, which give us a right of recourse to the customer in the event that the guarantee is called upon. All obligations that could incur a credit risk must be shown here as irrevocable lending commitments. These include obligations to grant loans (e.g. credit lines that have been advised to customers), to buy securities or provide guarantees or acceptances. However, lending commitments attributable to the trading book are reported under trading assets or trading liabilities.

Provisions for risks in respect of contingent liabilities and lending commitments are included in provisions for loan losses.

Income from guarantees is reported in net commission income; the level of this income is determined by the application of agreed rates to the nominal amount of the guarantees.

Legal risks where the occurrence of a loss may not be probable, but is not improbable either, and for which no provisions have been recognised, are also reported under contingent liabilities. We take a wide variety of factors into account in determining the probability of a loss, including the type of claims and judgements on similar issues. The amounts shown in Note 87 reflect the claims made in relation to these risks.

(30) Treasury shares

Treasury shares held by Commerzbank Aktiengesellschaft and its subsidiaries on the balance sheet date are deducted directly from equity. Gains or losses on treasury shares are recognised in equity. In 2015 the Group held no treasury shares.

Notes to the income statement

(31) Net interest income

€m	2015	2014[1]	Change in %
Interest income	11,616	12,214	– 4.9
Interest income from lending and money market transactions and from the securities portfolio (available-for-sale)	766	851	– 10.0
Interest income from lending and money market transactions and from the securities portfolio (loans and receivables)	8,382	9,451	– 11.3
Interest income from lending and money market transactions and from the securities portfolio (from applying the fair value option)	220	359	– 38.7
Interest income from lending and money market transactions and from the securities portfolio (held for trading)	1,237	939	31.7
Prepayment penalty fees	135	122	10.7
Gains on the sale of loans and receivables and repurchase of liabilities[2]	386	182	.
Dividends from securities	188	210	– 10.5
Current net income from equity holdings and non-consolidated subsidiaries	127	21	.
Current income from properties held for sale and from investment properties	60	79	– 24.1
Other interest income	115	–	.
Interest expenses	5,837	6,857	– 14.9
Interest expenses on subordinated debt instruments	895	879	1.8
Interest expenses on securitised liabilities	1,209	1,763	– 31.4
Interest expenses on other liabilities	2,640	3,198	– 17.4
Interest expenses from applying the fair value option[3]	352	602	– 41.5
Interest expenses on securitised liabilities held for trading	139	50	.
Losses on the sale of loans and receivables and repurchase of liabilities[2]	187	238	– 21.4
Current expenses from properties held for sale and from investment properties	17	48	– 64.6
Other interest expenses	398	79	.
Total	**5,779**	**5,357**	**7.9**

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.). Before restatement interest income was €12,555m, interest expenses were €6,948m and net interest income was €5,607m.
[2] Of which: gains of 225m and losses of €50m on the repurchase of liabilities in the current financial year (previous year: €101m gains and €42m losses).
[3] Of which: €1m for subordinated debt instruments (previous year: –).

There was an unwinding effect of €33m for commitments which have been terminated and impaired commercial real estate loans (previous year: €77m).

Other interest expense also includes net interest expense for pensions. This also includes negative interest from financial instruments held as assets (1 January to 31 December 2015: €197m). Other interest income included only positive interest from financial instruments held as liabilities (1 January to 31 December 2015: €115m). Net interest from derivatives (banking and trading book) is recognised in other interest income or other interest expense, depending on the net balance.

The breakdown of current income and expenses from investment properties recognised in net interest income was as follows:

€m	2015	2014	Change in %
Rental income	57	76	– 25.0
Other income	–	–	.
Total income	**57**	**76**	**– 25.0**
Building and occupancy expense for rented properties	5	20	– 75.0
Other expenses	6	28	– 78.6
Total expenses	**11**	**48**	**– 77.1**

In addition, other net income (see Note 38) included income of €5m (previous year: €31m) and expenses of €13m (previous year: €15m) from investment properties.

(32) Loan loss provisions

The breakdown of loan loss provisions in the income statement was as follows:

€m	2015	2014	Change in %
Allocation to loan loss provisions[1]	– 1,755	– 2,365	– 25.8
Reversals of loan loss provisions[1]	1,245	1,390	– 10.4
Direct write-downs	– 445	– 397	12.1
Write-ups and amounts recovered on claims written-down	259	228	13.6
Total	**– 696**	**– 1,144**	**– 39.2**

[1] Gross figures (e.g. migrations between different types of provisions are not netted off).

The loan loss provisions included one-off income of a net €26m arising from the regular annual update of risk parameters. The breakdown of the net allocation to provisions was as follows:

€m	2015	2014	Change in %
Specific risks	– 538	– 1,062	– 49.3
Claims on banks	2	– 2	.
Claims on customers	– 542	– 1,091	– 50.3
Off-balance-sheet items	2	31	– 93.5
Portfolio risks	28	87	– 67.8
Claims on banks	9	– 18	.
Claims on customers	27	99	– 72.7
Off-balance-sheet items	– 8	6	.
Direct write-downs, write-ups and amounts recovered on claims written down	– 186	– 169	10.1
Total	**– 696**	**– 1,144**	**– 39.2**

(33) Net commission income

€m	2015	2014[1]	Change in %
Commission income	**4,067**	**3,834**	**6.1**
Securities transactions	1,165	1,050	11.0
Asset management	234	210	11.4
Payment transactions and foreign business	1,495	1,430	4.5
Real estate lending business	50	71	– 29.6
Guarantees	234	241	– 2.9
Net income from syndicated business	306	339	– 9.7
Intermediary business	364	270	34.8
Fiduciary transactions	16	14	14.3
Other income	203	209	– 2.9
Commission expense	**643**	**574**	**12.0**
Securities transactions	224	206	8.7
Asset management	37	37	0.0
Payment transactions and foreign business	164	148	10.8
Real estate lending business	29	35	– 17.1
Guarantees	23	21	9.5
Net income from syndicated business	8	3	.
Intermediary business	102	82	24.4
Fiduciary transactions	9	6	50.0
Other expenses	47	36	30.6
Net commission income			
Securities transactions	941	844	11.5
Asset management	197	173	13.9
Payment transactions and foreign business	1,331	1,282	3.8
Real estate lending business	21	36	– 41.7
Guarantees	211	220	– 4.1
Net income from syndicated business	298	336	– 11.3
Intermediary business	262	188	39.4
Fiduciary transactions	7	8	– 12.5
Other income	156	173	– 9.8
Total	**3,424**	**3,260**	**5.0**

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.). Before restatement, commission income was €3,837m, commission expenses were €632m and net commission income was €3,205m.

Commission income included €970m (previous year: €921m) and commission expense included €159m (previous year: €217m) from transactions with financial instruments that are not recognised at fair value through profit or loss.

(34) Net trading income

Net trading income is comprised of two components:

- Net trading gain or loss (this includes trading in securities, promissory note loans, precious metals and derivative instruments plus the net gain or loss on the remeasurement of derivative financial instruments that do not qualify for hedge accounting), and
- Net gain or loss from applying the fair value option.

The net gain or loss from applying the fair value option includes the changes in fair value of the underlying derivatives.

€m	2015	2014[1]	Change in %
Net trading gain or loss[2]	598	709	– 15.7
Net gain or loss from applying the fair value option	– 39	– 129	– 69.8
Total	**559**	**580**	**– 3.6**

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).
Before restatement, the net trading gain was €506m and total net trading income was €377m.
[2] Including net gain or loss on the remeasurement of derivative financial instruments.

(35) Net income from hedge accounting

Net income from hedge accounting includes gains and losses on the valuation of effective hedges in fair value hedge accounting (fair value hedge). Net income from hedge accounting also includes the ineffective portion of effective cash flow hedges. The breakdown was as follows:

€m	2015	2014	Change in %
Fair value hedges			
Changes in fair value attributable to hedging instruments	697	– 3,914	.
Micro fair value hedges	412	– 4,419	.
Portfolio fair value hedges	285	505	– 43.6
Changes in fair value attributable to hedged items	– 756	3,930	.
Micro fair value hedges	– 447	4,466	.
Portfolio fair value hedges	– 309	– 536	– 42.4
Cash flow hedges			
Net gain or loss from effectively hedged cash flow hedges (ineffective part only)	– 1	–	.
Total	**– 60**	**16**	**.**

(36) Net investment income

Net investment income contains gains or losses on the disposal and remeasurement of securities in the loans and receivables and available-for-sale categories, equity holdings, holdings in companies accounted for using the equity method and subsidiaries.

€m	2015	2014	Change in %
Net gain or loss from interest-bearing business	**– 75**	**80**	**.**
in the available-for-sale category	106	80	32.5
Gains on disposals (including reclassification from revaluation reserve)	125	118	5.9
Losses on disposals (including reclassification from revaluation reserve)	– 21	– 38	– 44.7
Net remeasurement gain or loss	2	–	.
in the loans and receivables category	– 181	–	.
Gains on disposals	31	41	– 24.4
Losses on disposals	– 20	– 48	– 58.3
Net remeasurement gain or loss[1]	– 192	7	.
Net income from equity instruments	**68**	**2**	**.**
in the available-for-sale category	105	3	.
Gains on disposals (including reclassification from revaluation reserve)	106	8	.
Losses on disposals (including reclassification from revaluation reserve)	– 1	– 5	– 80.0
in the available-for-sale category, measured at acquisition cost	55	9	.
Net remeasurement gain or loss	– 92	– 17	.
Net gain or loss on disposals and remeasurement of companies accounted for using the equity method	–	7	.
Total	**– 7**	**82**	**.**

[1] Includes reversals of €2m of portfolio valuation allowances for reclassified securities (previous year: reversals of €21m).

(37) Current net income from companies accounted for using the equity method

Current net income from companies accounted for using the equity method was €82m (previous year: €44m). In the reporting year there were no net gains or losses on disposals and remeasurement of companies accounted for using the equity method. In the previous year, total net income from companies accounted for using the equity method was €51m, including €7m of gains or losses on disposals and remeasurement.

(38) Other net income

Other net income primarily comprises allocations to and reversals of provisions and income and expenses from operating leases.

€m	2015	2014	Change in %
Other material items of expense	**351**	**1,106**	**– 68.3**
Allocations to provisions	135	949	– 85.8
Operating lease expenses	136	117	16.2
Expenses from building and architects' services	18	1	.
Hire-purchase expenses and sublease expenses	10	15	– 33.3
Expenses from investment properties	13	15	– 13.3
Expenses from non-current assets held for sale	35	1	.
Expenses from disposal of fixed assets	4	8	– 50.0
Other material items of income	**438**	**503**	**– 12.9**
Reversals of provisions	191	241	– 20.7
Operating lease income	182	161	13.0
Income from insurance business	6	24	– 75.0
Income from building and architects' services	2	4	– 50.0
Hire-purchase income and sublease income	28	32	– 12.5
Income from investment properties	5	31	– 83.9
Income from non-current assets held for sale	18	5	.
Income from disposal of fixed assets	6	5	20.0
Balance of exchange rate movements	– 30	55	.
Balance of sundry tax income/expenses	– 51	– 42	21.4
Balance of sundry other income/expenses	– 21	13	.
Other net income	**– 15**	**– 577**	**– 97.4**

The balance of sundry other income/expenses consisted of €235m of income (previous year: €271m) and €256m of expenses (previous year: €258m).

The reversals of provisions in other net income in 2015 were impacted by changes to our estimates of litigation losses.

(39) Operating expenses

Operating expenses of €7,157m (previous year[1]: €6,929m) consisted of personnel expenses of €3,900m (previous year: €3,843m), administrative expenses of €2,759m (previous year[1]: €2,640m) and depreciation and amortisation of office furniture and equipment, property and other intangible assets of €498m (previous year: €446m). The breakdown of operating expenses was as follows:

Personnel expenses | €m	2015	2014	Change in %
Wages and salaries	3,670	3,645	0.7
Expenses for pensions and similar employee benefits	230	198	16.2
Total	**3,900**	**3,843**	**1.5**

Personnel expenses included €474m of expenses for social security contributions (previous year: €465m).

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

Administrative expenses | €m	2015	2014[1]	Change in %
Occupancy expenses	604	598	1.0
IT expenses	482	514	– 6.2
Workplace and information expenses	254	259	– 1.9
Compulsory contributions	279	208	34.1
Advisory, audit and other expenses required to comply with company law	428	397	7.8
Travel, representation and advertising expenses	329	346	– 4.9
Personnel-related operating expenses	153	141	8.5
Other operating expenses	230	177	29.9
Total	**2,759**	**2,640**	**4.5**

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).
Before restatement, compulsory contributions were €205m and overall operating expenses €2,637m.

The compulsory contributions include €119m for the bank levy in the current financial year.

PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Germany, has been appointed as the group auditors of Commerzbank. For Commerzbank, the auditor in charge as defined under the Professional Statutes is Clemens Koch. This was the fourth year in which he was the signatory auditor, while Helge Olsson was co-signatory for the first time.

The fees for the group auditors amounted to €38m excluding VAT for the financial year 2015, of which €699 thousand was attributable to services provided during the financial year 2014. If capital increases were carried out in the reporting year or the prior year, the costs incurred for services provided by our auditors during a capital increase are contained in the table below. In accordance with IAS 32.35, the costs of a capital increase are reported as a deduction from equity in the group financial statements.

Auditors' fees | €1,000	2015	2014	Change in %
Audit of financial statements	15,850	15,540	2.0
Other confirmation services[1]	7,255	8,774	– 17.3
Tax consulting services	353	1,035	– 65.9
Other services	14,726	7,739	90.3
Total	**38,184**	**33,088**	**15.4**

[1] Other confirmation services include audits other than those for the annual financial statements and the consolidated financial statements, e.g. reviews of quarterly financial reports, reviews of reporting obligations pursuant to Art. 36 of the German Securities Trading Act (WpHG) and the issue of comfort letters pursuant to IDW PS 910.

Depreciation and amortisation of office furniture and equipment, land, buildings and other fixed assets and intangible assets was as follows:

€m	2015	2014	Change in %
Office furniture and equipment	141	131	7.6
Land, buildings and other fixed assets	58	78	– 25.6
Intangible assets	299	237	26.2
Total	**498**	**446**	**11.7**

The amortisation of intangible assets included €4m of impairment charges (previous year: €7m). On land, buildings and other fixed assets there was an impairment charge of €9m (previous year: €20m).

(40) Restructuring expenses

The restructuring expenses of €114m in 2015 related to the realignment of the Corporates & Markets division in London and New York, the reorganisation in Luxembourg and the creation of global centres of competence. The aim of these measures is to reduce costs by moving activities to alternative locations. The cost reductions and associated restructuring expenses are largely related to the implementation of personnel adjustments. We also increased the restructuring expenses for 2013 by €20m as a result of Commerzbank's new strategy and the resultant adjustment to personnel capacities. This will accelerate the remaining headcount reductions and allow the restructuring programme to be completed earlier than planned. The restructuring expenses of €61m in 2014 related to the European Commission requirement to wind down Hypothekenbank Frankfurt AG. They were largely attributable to personnel expenses.

€m	2015	2014	Change in %
Expenses for restructuring measures introduced	114	61	86.9
Total	**114**	**61**	**86.9**

(41) Taxes on income

The breakdown of income tax expense was as follows:

€m	2015	2014[1]	Change in %
Current taxes on income	341	268	27.2
Tax expense or income for the current year	335	287	16.7
Tax expense or income for the previous year	6	– 19	.
Deferred taxes on income	277	– 12	.
Tax expense or income due to change in temporary differences and loss carryforwards	144	67	.
Tax rate differences	– 16	31	.
Tax expense due to depreciation of deferred taxes calculated hitherto	149	–	.
Tax income from previously unrecognised tax loss carryforwards	–	– 110	.
Total	**618**	**256**	**.**

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).
Before restatement, deferred taxes on income amounted to €– 15m and overall taxes on income to €253m.

The combined income tax rate applicable to Commerzbank Aktiengesellschaft and its German subsidiaries was 31,4%.

The following reconciliation shows the relationship between net pre-tax profit according to IFRS and tax expense in the reporting year.

The Group income tax rate selected as a basis for the reconciliation is made up of the corporate income tax rate of 15.0% applied in Germany, plus the solidarity surcharge of 5.5%, and an average rate of 15.4% for trade tax. This produces a German income tax rate of 31,4% (previous year: 31,2%).

Income tax effects result from discrepancies between the tax rates applying to foreign units. Tax rates outside Germany ranged between 12% (Singapore) and 46% (New York).

As at 31 December 2015 the Group tax rate was 34.4% (previous year: 40.8%). The tax rate was adversely affected by the remeasurement of deferred tax assets as a result of the limit imposed by the UK authorities on the amount of tax loss carryforwards that can be offset annually against future profits, plus a tax expense as a result of the incorporation of the 2016 to 2019 multi-year planning. On the other hand the use of tax loss carryforwards on which no deferred tax assets had previously been recognised (€– 87m) had a positive impact on the tax rate.

€m	2015	2014[1]
Pre-tax profit or loss under IFRS	**1,795**	**628**
Group's income tax rate (%)	31.4	31.2
Calculated income tax expense in financial year	**564**	**196**
Effects of differing tax rates and tax rate changes on tax accruals recognised in income	– 138	– 71
Effect from the remeasurement of deferred taxes	149	– 110
Effects of non-deductible operating expenses and tax-exempt income	81	366
Unrecognised deferred tax assets	–	96
Utilisation of tax loss carryforwards for which no deferred tax assets had been calculated	– 87	– 289
Effects of additions and deductions for trade tax	9	10
Withholding taxes not creditable	26	18
Current taxes relating to other periods	– 9	36
Other effects	23	4
Taxes on income	**618**	**256**

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

The table below shows the amount of current and deferred taxes resulting from items that were directly credited or debited to equity:

Taxes on income not recognised in the income statement | €m	31.12.2015	31.12.2014[1]	Change in %
Current taxes on income	1	–	.
Deferred taxes on income	994	1,291	– 23.0
Measurement differences arising from cash flow hedges	52	90	– 42.2
Revaluation reserve	333	454	– 26.7
Loss carryforwards	202	218	– 7.3
Remeasurement of defined benefit plans	407	529	– 23.1
Other	–	–	.
Total	**995**	**1,291**	**– 22.9**

(42) Net income and net interest income by measurement category

Net income consists of remeasurements to fair value, foreign exchange translation effects, impairments, impairment reversals, realised gains on disposal, recoveries on written-down financial instruments and changes in the revaluation reserve recognised in equity (see Note 5c).

€m	2015	2014[1]	Change in %
Net income from			
Trading assets and liabilities[2]	538	725	– 25.8
Applying the fair value option	– 39	– 129	– 69.8
Available-for-sale financial assets	587	372	57.8
of which change in valuation reserve recognised in income statement	– 62	– 73	– 15.1
of which change in valuation reserve not recognised in income statement	495	334	48.2
Loans and receivables	– 877	– 1,144	– 23.3
Other financial liabilities	–	–	.

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).
[2] Including net income from hedge accounting.

Net interest income shows the interest components from the net interest income note by IAS 39 category.

€m	2015	2014[1]	Change in %
Net interest income from			
Financial instruments held for trading	1,098	889	23.5
Applying the fair value option	– 132	– 243	– 45.7
Available-for-sale financial assets	766	851	– 10.0
Loans and receivables	8,382	9,451	– 11.3
Other financial liabilities	– 4,744	– 5,840	– 18.8

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

(43) Earnings per share

	2015	2014[1]	Change in %
Operating profit (€m)	1,909	689	.
Consolidated profit or loss attributable to Commerzbank shareholders (€m)	1,062	266	.
Average number of ordinary shares issued	1,208,568,906	1,138,506,941	6.2
Operating profit per share (€)	1.58	0.61	.
Earnings per share (€)	0.88	0.23	.

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

Earnings per share, calculated in accordance with IAS 33, are based on the consolidated profit or loss attributable to Commerzbank shareholders and are calculated by dividing the consolidated profit or loss by the weighted average number of shares outstanding during the financial year. As in 2014, no conversion and option rights were outstanding in the reporting year. The figure for diluted earnings per share was therefore identical to the undiluted figure. The breakdown of operating profit is set out in the segment report (Note 45).

(44) Cost/income ratio

%	2015	2014[1]	Change in % points
Cost/income ratio in operating business	73.3	79.1	– 5.8

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

The cost/income ratio is the ratio of operating expenses to income before provisions.

(45) Segment reporting

Segment reporting reflects the results of the operating segments within the Commerzbank Group. The segment information below is based on IFRS 8 Operating Segments, which applies the management approach. In accordance with this standard, segment information must be prepared on the basis of the internal reporting information that is evaluated by the chief operating decision maker to assess the performance of the operating segments and make decisions regarding the allocation of resources to the operating segments. Within the Commerzbank Group, the function of chief operating decision maker is exercised by the Board of Managing Directors.

Our segment reporting covers five operating segments plus the Others and Consolidation segment. This reflects the Commerzbank Group's organisational structure and forms the basis for internal management reporting. The business segments are divided up on the basis of distinctions between products, services and/or customer target groups. Modifications in the segments' business models led to minor adjustments in the business responsibilities. Following IAS 8, retrospective restatements of the income statement and the balance sheet have been allocated to the segments in the segment reporting in line with their responsibility (see Note 2). The warehouse assets of Commerz Real (except for the shipping portfolio) were reallocated from Non-Core Assets to the Private Customers segment with effect from 1 October 2015 (see the segment descriptions below). The prior-year data was not restated for materiality reasons.

- The Private Customers segment comprises the activities of Private Customers, Direct Banking and Commerz Real. The Private Customers division combines the classic branch business with retail and corporate customers and private banking. The dense national network of local branches offers a full service range of banking products including loan, deposit, securities, payment and pension products. Wealth Management provides services to wealthy clients in Germany and abroad and also contains the Group's portfolio management activities. The focus is on services such as securities and portfolio management, credit management and loans and real estate management. We also provide advice on trust and inheritance issues and corporate investments. Moreover, this segment includes Commerz Direktservice GmbH, which provides call centre services for Commerzbank customers. The joint venture Commerz Finanz, which is focused on consumer lending, is managed centrally by the Private Customers segment and also reports its results there. Since 1 July 2012 the private real estate portfolio of the Private Customer portfolio of Hypothekenbank Frankfurt AG has been part of the Private Customers division. The Direct Banking division comprises the activities of the comdirect bank Group. The B2B (ebase) and B2C businesses (comdirect) contained in Direct Banking provide standardised, primarily internet-based advisory and service offerings for customers. Commerz Real has been a division of the Private Customers segment since July 2012 (except for the warehouse section). From 1 October 2015 Commerz Real also contains the warehouse section, apart from the shipping portfolio. Its product range comprises open-ended real estate funds (hausinvest), asset structuring of investment products for private and institutional investors (real estate, infrastructure including tankers, aircraft, rolling stock and renewable energy), asset structuring of financing products and equipment leasing.
- The Mittelstandsbank segment is divided into the three Group divisions Mittelstand Germany, Large Corporates & International and Financial Institutions. Our comprehensive service offering includes payments and cash management solutions, flexible financing solutions, interest rate and currency management products, professional investment advisory services and innovative investment banking solutions. The Mittelstand Germany division serves small and mid-sized customers, the public sector and institutional clients. In the Large Corporates & International division we concentrate on serving corporate groups with revenues of over €500m (except for multinational corporates, which are handled by Client Relationship Management within the Corporates & Markets segment). Smaller groups with a strong capital market affinity are also serviced by this division. With our foreign branch offices we act as a strategic partner for both the international activities of our German corporate customers and for international companies in selected markets, even when they do not do business in Germany. The Large Corporates & International division also contains the centre of competence for customers from the energy sector. A new centre of competence for corporate customer real estate was established in April 2015. Its aim is to make our know-how in commercial real estate finance available to our corporate customer base. By doing so the Mittelstandsbank is rigorously pursuing its strategy as a full-service provider for its corporate customers in Germany, with a clear focus on financing the real economy. The Financial Institutions division is responsible for relationships with banks and financial institutions in Germany and abroad, as well as with central banks. The strategic focus is on Commerzbank becoming customers' preferred source of trade finance services. Financial Institutions uses a global

network of correspondent banks, together with business relationships in emerging markets, to support the Group's financing and processing of foreign trade activities on behalf of all Commerzbank Group customers throughout the world, and thus supports other Group divisions of the Bank in their international strategies.
- The Central & Eastern Europe (CEE) segment comprises the universal banking and direct banking activities in this region during the reporting period. It includes in particular our Polish subsidiary mBank, which offers banking products for corporate customers as well as financial services for private customers in Poland, the Czech Republic and Slovakia.
- Corporates & Markets consists of four main businesses: Equity Markets & Commodities comprises trading and sales of equity and commodity-related financial products. Fixed Income & Currencies handles trading and sales of interest rate, credit and currency instruments. Corporate Finance provides arrangement and advisory services for equity, debt and hybrid instruments, securitisation solutions and mergers & acquisitions. Credit Portfolio Management is responsible for actively managing the counterparty risks arising from the lending and trading transactions of Corporates & Markets on a uniform global basis. The assets transferred from the Portfolio Restructuring Unit are also wound down in this Group division in a value-preserving manner. Corporates & Markets also houses Client Relationship Management, which is responsible for servicing German multinational industrial companies, German and international insurers, private equity investors, sovereign wealth funds and public sector customers.
- The Non-Core Assets (NCA) segment groups together the results from the Commercial Real Estate, Public Finance (including Private Finance Initiatives) and Deutsche Schiffsbank (DSB) divisions. Commercial Real Estate belongs almost entirely, and Public Finance predominantly, to the Commerzbank subsidiary Hypothekenbank Frankfurt AG. The DSB division contains the ship financing business of the Commerzbank Group, including all ship financing activities of the former Deutsche Schiffsbank AG. The NCA segment also comprises the warehouse assets of Commerz Real AG up to 30 September 2015, and from 1 October 2015 only the ship portfolio of Commerz Real AG.
- The Others and Consolidation segment contains the income and expenses which are not attributable to the business segments. Reporting for this segment under "Others" comprises equity participations that are not assigned to business segments, overarching Group matters such as costs for Group-wide projects, effects resulting from the purchase price allocation in connection with the Dresdner Bank takeover, specific individual matters that cannot be allocated to the segments, and Group Treasury. The costs of the service units, which – except for restructuring costs – are mainly charged to the segments, are also shown here. Consolidation includes income and expense items that represent the reconciliation of internal management reporting figures shown in segment reporting with the Group financial statements in accordance with IFRS. Also shown here are the costs of the Group management units, which – except for restructuring costs – are also mainly charged to the segments.

The performance of each segment is measured in terms of operating profit or loss and pre-tax profit or loss, as well as return on equity and the cost/income ratio. Operating profit or loss is defined as the sum of net interest income after loan loss provisions, net commission income, net trading income and net income from hedge accounting, net investment income, current net income from companies accounted for using the equity method and other net income less operating expenses. As we report pre-tax profits, non-controlling interests are included in the figures for both profit or loss and average capital employed. All the revenue for which a segment is responsible is thus reflected in the pre-tax profit.

The return on equity is calculated as the ratio of profit (both operating and pre-tax) to average capital employed. It shows the return on the capital employed in a given segment. In addition to the usual key performance indicators, we are for the first time reporting the operating return on equity less goodwill and other intangible assets, which is increasingly becoming a source of interest for investors. The cost/income ratio in operating business reflects the cost efficiency of the various segments and expresses the relationship of operating expenses to income before loan loss provisions.

Income and expenses are reported in the segments by originating unit and at market prices, with the market interest rate method being used for interest rate operations. The actual funding costs for the segment-specific equity holdings allocated to each segment are shown in net interest income. The Group's return on capital employed is allocated to the net interest income of the various segments in proportion to the average capital employed in the segment. The interest rate used is the long-term risk-free rate on the capital market. The average capital employed is calculated using the Basel 3 methodology, based on average risk-weighted assets and the capital charges for market risk positions (risk-weighted asset equivalents). At Group level, IFRS capital is shown, which is used to calculate the return on equity. The adjustment of average capital employed to IFRS capital is carried out in Others and Consolidation. Against the backdrop of increased capital adequacy requirements the capital requirement for risk-weighted assets assumed for segment reporting purposes is 10% from 2015. The prior-year figures have been restated accordingly. As a result of the continuing reduction in the NCA segment's portfolio, part of the capital allocation reported there, which was originally required by the EBA for the risks of EU government bonds, was given back to the core bank in the first quarter of 2014. We also report assets as well as liabilities and equity for the individual segments. Due to our business model the segment balance sheet only balances out at Group level.

The segment reporting of the Commerzbank Group shows the segments' pre-tax profit or loss. To reflect the impact on earnings of specific tax-related transactions in the Corporates & Markets segment, the net interest income of Corporates & Markets includes a pre-tax equivalent of the after-tax income from these transactions. When segment reporting is reconciled with the figures from external accounting this pre-tax equivalent is eliminated in Others and Consolidation. When showing the elimination of intragroup profits from intragroup transactions in segment reporting the transferring segment is treated as if the transaction had taken place outside the Group. Intragroup profits and losses are therefore eliminated in Others and Consolidation.

The operating expenses reported under operating profit or loss contain personnel expenses, other operating expenses as well as depreciation and write-downs on fixed assets and other intangible assets. Restructuring expenses are reported below the operating profit line in pre-tax profit or loss. Operating expenses are attributed to the individual segments on the basis of cost causation. The indirect expenses arising in connection with internal services are charged to the user of the service and credited to the segment performing the service. The provision of intragroup services is charged at market prices or at full cost.

The carrying amounts of companies accounted for using the equity method were €735m (previous year: €677m) and were divided over the segments as follows: Private Customers €501m (previous year: €393m), Mittelstandsbank €107m (previous year: €104m), Central & Eastern Europe with €2m (previous year: €–m), Corporates & Markets with €124m (previous year: €115m), and Non-Core Assets €1m (previous year: €65m).

The tables below contain information on the segments for the financial years 2015 and 2014.

2015 €m	**Private Customers**	**Mittel-stands-bank**	**Central & Eastern Europe**	**Corpo-rates & Markets**	**Non-Core Assets**	**Others and Con-solidation**	**Group**
Net interest income	1,876	1,675	566	1,711	170	– 219	5,779
Loan loss provisions	– 14	– 192	– 97	36	– 366	– 63	– 696
Net interest income after loan loss provisions	1,862	1,483	469	1,747	– 196	– 282	5,083
Net commission income	1,771	1,090	215	367	15	– 34	3,424
Net trading income and net income from hedge accounting	6	34	70	– 162	319	232	499
Net investment income	– 11	– 65	76	75	– 235	153	– 7
Current net income from companies accounted for using the equity method	68	6	–	12	– 2	– 2	82
Other net income	8	– 15	14	– 3	– 9	– 10	– 15
Income before loan loss provisions	*3,718*	*2,725*	*941*	*2,000*	*258*	*120*	*9,762*
Income after loan loss provisions	*3,704*	*2,533*	*844*	*2,036*	*– 108*	*57*	*9,066*
Operating expenses	2,953	1,471	498	1,426	293	516	7,157
Operating profit or loss	**751**	**1,062**	**346**	**610**	**– 401**	**– 459**	**1,909**
Restructuring expenses	–	–	–	57	16	41	114
Pre-tax profit or loss	**751**	**1,062**	**346**	**553**	**– 417**	**– 500**	**1,795**
Assets	**79,053**	**89,877**	**29,034**	**165,311**	**76,930**	**92,436**	**532,641**
Liabilities	**105,035**	**149,425**	**24,858**	**130,519**	**40,994**	**81,810**	**532,641**
Average capital employed	**3,999**	**8,142**	**1,920**	**4,604**	**7,268**	**3,260**	**29,193**
Operating return on equity (%)	**18.8**	**13.0**	**18.0**	**13.3**	**– 5.5**		**6.5**
Operating return on tangible equity (%)	**27.4**	**14.5**	**21.9**	**13.7**	**– 5.5**		**7.3**
Cost/income ratio in operating business (%)	**79.4**	**54.0**	**52.9**	**71.3**	**113.6**		**73.3**
Return on equity of pre-tax profit or loss (%)	**18.8**	**13.0**	**18.0**	**12.0**	**– 5.7**		**6.1**
Staff (average headcount)	15,603	5,836	8,200	1,930	420	17,802	49,791

2014[1] **€m**	**Private Customers**	**Mittel-stands-bank**	**Central & Eastern Europe**	**Corpo-rates & Markets**	**Non-Core Assets**	**Others and Con-solidation**	**Group**
Net interest income	1,843	1,802	585	1,327	–	– 200	5,357
Loan loss provisions	– 79	– 342	– 123	55	– 654	– 1	– 1,144
Net interest income after loan loss provisions	1,764	1,460	462	1,382	– 654	– 201	4,213
Net commission income	1,592	1,088	215	368	26	– 29	3,260
Net trading income and net income from hedge accounting	2	– 6	86	233	194	87	596
Net investment income	– 8	11	13	49	– 81	98	82
Current net income from companies accounted for using the equity method	27	9	–	11	– 6	3	44
Other net income	– 3	24	24	– 16	15	– 621	– 577
Income before loan loss provisions	*3,453*	*2,928*	*923*	*1,972*	*148*	*– 662*	*8,762*
Income after loan loss provisions	*3,374*	*2,586*	*800*	*2,027*	*– 506*	*– 663*	*7,618*
Operating expenses	2,919	1,362	436	1,352	309	551	6,929
Operating profit or loss	**455**	**1,224**	**364**	**675**	**– 815**	**– 1,214**	**689**
Restructuring expenses	–	–	–	–	61	–	61
Pre-tax profit or loss	**455**	**1,224**	**364**	**675**	**– 876**	**– 1,214**	**628**
Assets	**72,616**	**89,750**	**27,657**	**185,210**	**101,455**	**81,629**	**558,317**
Liabilities	**99,064**	**136,997**	**23,086**	**164,327**	**52,869**	**81,974**	**558,317**
Average capital employed	**4,241**	**7,618**	**1,722**	**4,561**	**8,094**	**1,087**	**27,323**
Operating return on equity (%)	**10.7**	**16.1**	**21.1**	**14.8**	**– 10.1**		**2.5**
Operating return on tangible equity (%)	**15.4**	**18.0**	**26.1**	**15.3**	**– 10.1**		**2.8**
Cost/income ratio in operating business (%)	**84.5**	**46.5**	**47.2**	**68.6**	**208.8**		**79.1**
Return on equity of pre-tax profit or loss (%)	**10.7**	**16.1**	**21.1**	**14.8**	**– 10.8**		**2.3**
Staff (average headcount)	15,844	5,817	7,748	1,963	566	17,929	49,867

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

Details for Others and Consolidation:

€m	2015			2014[1]		
	Others	**Consoli-dation**	**Others and Consoli-dation**	**Others**	**Consoli-dation**	**Others and Consoli-dation**
Net interest income	– 160	– 59	– 219	– 163	– 37	– 200
Loan loss provisions	– 63	–	– 63	– 1	–	– 1
Net interest income after loan loss provisions	– 223	– 59	– 282	– 164	– 37	– 201
Net commission income	– 31	– 3	– 34	– 21	– 8	– 29
Net trading income and net income from hedge accounting	228	4	232	63	24	87
Net investment income	130	23	153	30	68	98
Current net income from companies accounted for using the equity method	– 2	–	– 2	3	–	3
Other net income	– 1	– 9	– 10	– 619	– 2	– 621
Income before loan loss provisions	*164*	*– 44*	*120*	*– 707*	*45*	*– 662*
Income after loan loss provisions	*101*	*– 44*	*57*	*– 708*	*45*	*– 663*
Operating expenses	538	– 22	516	549	2	551
Operating profit or loss	**– 437**	**– 22**	**– 459**	**– 1,257**	**43**	**– 1,214**
Restructuring expenses	41	–	41	–	–	–
Pre-tax profit or loss	**– 478**	**– 22**	**– 500**	**– 1,257**	**43**	**– 1,214**
Assets	**92,436**	**–**	**92,436**	**81,629**	**–**	**81,629**
Liabilities	**81,810**	**–**	**81,810**	**81,974**	**–**	**81,974**

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

Under Consolidation we report consolidation and reconciliation items between the results of the segments and the Others category on the one hand and the Group financial statements on the other. This includes the following items among others:

- Remeasurement effects from the application of hedge accounting to cross-segment transactions as per IAS 39 are shown in Consolidation.
- The pre-tax equivalent of tax-related transactions allocated to net interest income in the Corporates & Markets segment is eliminated again under Consolidation.
- Net remeasurement gains or losses on own bonds and shares incurred in the segments are eliminated under Consolidation.
- Other consolidation effects from intragroup transactions are also reported here.

The breakdown within segment reporting of the results by geographical region, which is mainly based on the location of the branch or group entity, was as follows:

2015 €m	Germany	Europe excluding Germany	America	Asia	Others	Total
Net interest income	3,325	2,239	226	– 11	–	5,779
Loan loss provisions	– 494	– 240	36	2	–	– 696
Net interest income after loan loss provisions	2,831	1,999	262	– 9	–	5,083
Net commission income	2,838	511	34	41	–	3,424
Net trading income and net income from hedge accounting	480	– 129	– 140	288	–	499
Net investment income	– 108	100	–	1	–	– 7
Current net income from companies accounted for using the equity method	70	4	5	3	–	82
Other net income	– 24	35	– 19	– 7	–	– 15
Income before loan loss provisions	*6,581*	*2,760*	*106*	*315*	–	*9,762*
Income after loan loss provisions	*6,087*	*2,520*	*142*	*317*	–	*9,066*
Operating expenses	5,488	1,399	123	147	–	7,157
Operating profit or loss	**599**	**1,121**	**19**	**170**	**–**	**1,909**
Credit-risk-weighted assets	**97,134**	**54,798**	**4,019**	**3,456**	**–**	**159,407**

We achieved the following results in the various geographical markets in 2014:

2014[1] €m	Germany	Europe excluding Germany	America	Asia	Others	Total
Net interest income	3,176	1,862	250	69	–	5,357
Loan loss provisions	– 953	– 201	13	– 3	–	– 1,144
Net interest income after loan loss provisions	2,223	1,661	263	66	–	4,213
Net commission income	2,607	547	40	66	–	3,260
Net trading income and net income from hedge accounting	490	39	– 78	145	–	596
Net investment income	119	– 42	4	1	–	82
Current net income from companies accounted for using the equity method	34	4	4	2	–	44
Other net income	– 692	112	3	–	–	– 577
Income before loan loss provisions	*5,734*	*2,522*	*223*	*283*	–	*8,762*
Income after loan loss provisions	*4,781*	*2,321*	*236*	*280*	–	*7,618*
Operating expenses	5,388	1,289	122	130	–	6,929
Operating profit or loss	**– 607**	**1,032**	**114**	**150**	**–**	**689**
Credit-risk-weighted assets	**113,874**	**53,793**	**3,296**	**2,600**	**–**	**173,563**

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

Around 40% of income before loan loss provisions in Europe was accounted by our units in the United Kingdom (previous year: 42%), 36% by our units in Poland (previous year: 38%) and 13% by our units in Luxembourg (previous year: 9%). Credit risk-weighted assets are shown for the geographical segments rather than non-current assets.

In accordance with IFRS 8.32 Commerzbank has decided not to provide a breakdown of the Commerzbank Group's total profits by products and services. We decided not to collect this data for reasons of efficiency, as it is used neither for internal management activities nor management reporting.

Notes to the balance sheet

(46) Cash reserve

We include the following items in the cash reserve:

€m	31.12.2015	31.12.2014	Change in %
Cash on hand	1,391	1,093	27.3
Balances with central banks	23,858	3,409	.
Debt issued by public-sector borrowers	3,260	395	.
Total	**28,509**	**4,897**	**.**

The balances with central banks include claims on the Bundesbank totalling €16,089m (previous year: €247m). The average minimum reserve requirement for the period December 2015 to January 2016 amounted to €770m (previous year: €2,565m). Minimum reserve requirements are measured on the basis of average credit balances, so there were no restrictions on access to balances held at Deutsche Bundesbank.

(47) Claims on banks

	Total			Due on demand		Other claims	
€m	31.12.2015	31.12.2014[1]	Change in %	31.12.2015	31.12.2014[1]	31.12.2015	31.12.2014[1]
Banks in Germany	14,208	20,135	– 29.4	5,337	6,613	8,871	13,522
Banks outside Germany	57,686	60,291	– 4.3	18,216	22,638	39,470	37,653
Total	**71,894**	**80,426**	**– 10.6**	**23,553**	**29,251**	**48,341**	**51,175**
of which relate to the category:							
Loans and receivables	49,274	52,746	– 6.6				
Available-for-sale financial assets	–	–	.				
At fair value through profit or loss (fair value option)	22,620	27,680	– 18.3				

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

Claims on banks after deduction of loan loss provisions amounted to €71,810m (previous year[1]: €80,314m).

The table below shows a breakdown of claims on banks by main transaction types:

€m	31.12.2015	31.12.2014[1]	Change in %
Reverse repos and cash collaterals	43,774	48,169	– 9.1
Claims from money market transactions	765	1,375	– 44.4
Promissory note loans	1,185	2,990	– 60.4
Other claims	26,170	27,892	– 6.2
Total	**71,894**	**80,426**	**– 10.6**

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

The promissory note loans and other claims on banks include €1,396m of public-sector loans (previous year[1]: €2,173m).

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

(48) Claims on customers

€m	31.12.2015	31.12.2014[1]	Change in %
Claims on customers in Germany	143,904	152,745	– 5.8
Claims on customers outside Germany	78,833	86,295	– 8.6
Total	**222,737**	**239,040**	**– 6.8**
of which relate to the category:			
Loans and receivables	211,350	220,075	– 4.0
Available-for-sale financial assets	–	–	.
At fair value through profit or loss (fair value option)	11,387	18,965	– 40.0

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

Claims on customers after deduction of loan loss provisions amounted to €218,875m (previous year[1]: €233,377m).

The table below shows a breakdown of claims on customers by main transaction types:

€m	31.12.2015	31.12.2014[1]	Change in %
Reverse repos and cash collaterals	14,980	22,996	– 34.9
Claims from money market transactions	517	316	63.6
Promissory note loans	14,165	18,803	– 24.7
Construction and ship financing	93,999	100,457	– 6.4
Other claims	99,076	96,468	2.7
Total	**222,737**	**239,040**	**– 6.8**

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

The promissory note loans and other claims on customers include €17,945m of public-sector loans (previous year[1]: €23,116m). For construction and ship financing secured by property charges we report the entire utilisation; the mortgage lending value was €58,464m (previous year: €64,541m).

(49) Total lending

€m	31.12.2015	31.12.2014[1]	Change in %
Loans to banks	22,617	25,214	– 10.3
Loans to customers	207,757	216,029	– 3.8
Total	**230,374**	**241,243**	**– 4.5**

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

We distinguish loans from claims on banks and customers such that only claims for which a special loan agreement has been concluded with the borrower are shown as loans. Interbank money market transactions and reverse repo transactions, for example, are thus not shown as loans. Acceptance credits are also included in loans to customers.

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

(50) Loan loss provisions

Provisions for loan losses are made in accordance with rules that apply within the Group and cover all discernible credit risks. For loan losses which have already occurred but are not yet known, we have calculated portfolio valuation allowances in line with procedures derived from the Basel 3 methodology. The breakdown of loan loss provisions was as follows:

€m	As at 1.1.2015	Allocations	Reversals	Utilisation	Change in the group of consolidated companies	Exchange rate changes/reclassifications	As at 31.12.2015
Provisions for on-balance-sheet loan losses	5,775	1,682	1,178	2,219	– 12	– 102	3,946
Claims on banks	112	14	25	19	–	2	84
Claims on customers	5,663	1,668	1,153	2,200	– 12	– 104	3,862
Provisions for off-balance-sheet loan losses	238	73	67	2	–	4	246
Total	**6,013**	**1,755**	**1,245**	**2,221**	**– 12**	**– 98**	**4,192**

With direct write-downs, write-ups and recoveries on written-down claims taken into account, the allocations and reversals recognised in profit or loss resulted in loan loss provisions of €696m (previous year: €1,144m).

	Valuation allowances for specific risks		Valuation allowances for portfolio risks		Valuation allowances total		
€m	2015	2014	2015	2014	2015	2014	Change in %
As at 1.1.	**5,079**	**5,945**	**696**	**800**	**5,775**	**6,745**	**– 14.4**
Allocations	1,577	2,112	105	163	1,682	2,275	– 26.1
Disposals	3,257	2,975	140	244	3,397	3,219	5.5
of which: utilised	2,219	1,956	–	–	2,219	1,956	13.4
of which: reversals	1,038	1,019	140	244	1,178	1,263	– 6.7
Changes in the group of consolidated companies	– 12	– 8	–	– 9	– 12	– 17	– 29.4
Exchange rate changes/ reclassifications	– 105	5	3	– 14	– 102	– 9	.
As at 31.12.	**3,282**	**5,079**	**664**	**696**	**3,946**	**5,775**	**– 31.7**

	Provisions for specific risks		Provisions for portfolio risks		Provisions for lending business		
€m	2015	2014	2015	2014	2015	2014	Change in %
As at 1.1.	**111**	**141**	**127**	**133**	**238**	**274**	**– 13.1**
Allocations	56	56	17	34	73	90	– 18.9
Disposals	60	87	9	40	69	127	– 45.7
of which: utilised	2	–	–	–	2	–	.
of which: reversals	58	87	9	40	67	127	– 47.2
Changes in the group of consolidated companies	–	–	–	–	–	–	.
Exchange rate changes/ reclassifications	3	1	1	–	4	1	.
As at 31.12.	**110**	**111**	**136**	**127**	**246**	**238**	**3.4**

The loan loss provisions for default risks by customer group were as follows as at 31 December 2015:

€m	Specific valuation allowances and provisions for lending business	Loan losses[1] in 2015	Net allocation[2] to valuation allowances and provisions in lending business
Customers in Germany	**1,384**	**1,874**	**280**
Corporate customers	1,183	1,593	256
Manufacturing	400	244	52
Construction	75	26	35
Trading	163	158	20
Services and others	545	1,165	149
Private Customers	201	281	24
Customers outside Germany	**1,981**	**772**	**260**
Corporate and retail customers	1,981	772	260
Public sector	–	–	–
Provisions for customer credit risk	**3,365**	**2,646**	**540**
Banks in Germany	–	–	– 1
Banks outside Germany	27	20	– 2
Provisions for bank credit risk	**27**	**20**	**– 3**
Total	**3,392**	**2,666**	**537**

[1] Direct write-downs, utilised valuation allowances and utilised loan loss provisions.
[2] Allocations less reversals.

Loan losses and net allocations to provisions were counterbalanced by income from write-ups of €11m (previous year: €1m) and recoveries on claims that had been written down of €248m (previous year: €227m). The table below presents the key provisioning ratios:

%	2015	2014
Allocation ratio[1]	0.29	0.47
Default ratio[2]	1.01	0.87
Provision cover ratio[3]	1.76	2.46

[1] Net loan loss provisions (new loan loss provisions less reversals of valuation allowances and loan loss provisions, plus the balance of direct write-downs, write-ups and recoveries on previously written-down claims) as a percentage of average total lending.
[2] Credit defaults (utilised valuation allowances and loan loss provisions, plus the net balance of direct write-downs, write-ups and recoveries on previously written-down claims) as a percentage of average total lending.
[3] Total loan loss provisions (valuation allowances and loan loss provisions) as a percentage of average total lending; total lending = claims under special credit agreements with borrowers (Note 49).

(51) Value adjustments for portfolio fair value hedges

The adjustment to the fair value of underlying transactions hedged against interest rate risk was €284m (previous year: €415m). A matching liability from hedging transactions is shown on the other side of the balance sheet under negative fair values of derivative hedging instruments.

(52) Positive fair values of derivative hedging instruments

The positive fair values of derivatives which are used to hedge underlying transactions against interest rate risk are shown under this item.

€m	31.12.2015	31.12.2014	Change in %
Positive fair values micro fair value hedge accounting	2,788	4,208	– 33.7
Positive fair values portfolio fair value hedge accounting	231	236	– 2.1
Positive fair values cash flow hedge accounting	12	12	0.0
Total	**3,031**	**4,456**	**– 32.0**

(53) Trading assets

The Group's trading activities include trading in:

- Bonds, notes and other interest-rate-related securities,
- Shares, other equity-related securities and units in investment funds,
- Promissory note loans,
- Foreign currencies and precious metals,
- Derivative financial instruments and
- Other trading assets.

Other assets held for trading comprise positive fair values of loans for syndication, lending commitments, loans and money market trading transactions.

The positive fair values also include derivative financial instruments which cannot be used as hedging instruments in hedge accounting.

€m	31.12.2015	31.12.2014	Change in %
Bonds, notes and other interest-rate-related securities	9,150	14,059	– 34.9
Money market instruments	507	746	– 32.0
issued by public-sector borrowers	287	191	50.3
issued by other borrowers	220	555	– 60.4
Bonds and notes	8,643	13,313	– 35.1
issued by public-sector borrowers	2,402	4,223	– 43.1
issued by other borrowers	6,241	9,090	– 31.3
Promissory note loans	1,084	1,102	– 1.6
Shares, other equity-related securities and units in investment funds	26,410	24,936	5.9
Equities	20,699	19,769	4.7
Units in investment funds	5,690	5,161	10.2
Other equity-related securities	21	6	.
Positive fair values of derivative financial instruments	76,711	89,315	– 14.1
Currency-related derivative transactions	15,174	16,707	– 9.2
Interest-rate-related derivative transactions	56,088	66,587	– 15.8
Other derivative transactions	5,449	6,021	– 9.5
Other trading assets	1,329	931	42.7
Total	**114,684**	**130,343**	**– 12.0**

Of the bonds, notes and other interest-rate-related securities, shares and other equity-related securities and units in investment funds €32,582m, were listed on a stock exchange (previous year: €28,643m). Other fair values of derivative financial instruments consist mainly of €1,450m in equity derivatives (previous year: €2,083m) and €1,650m in credit derivatives (previous year: €1,712m).

(54) Financial investments

Financial investments are financial instruments not assigned to any other balance sheet item. They comprise debt issued by public-sector borrowers, bonds, notes and other interest-rate-related securities, shares and other equity-related securities and units in investment funds not used for trading purposes, as well as equity holdings (including associated companies and joint ventures not accounted for using the equity method) and holdings in non-consolidated subsidiaries.

€m	31.12.2015	31.12.2014	Change in %
Bonds, notes and other interest-rate-related securities[1]	80,798	89,076	–9.3
Money market instruments	2,070	1,139	81.7
issued by public-sector borrowers	299	91	.
issued by other borrowers	1,771	1,048	69.0
Bonds and notes	78,728	87,937	–10.5
issued by public-sector borrowers	44,226	47,918	–7.7
issued by other borrowers	34,502	40,019	–13.8
Shares, other equity-related securities and units in investment funds	746	993	–24.9
Shares	115	213	–46.0
Units in investment funds	620	733	–15.4
Other equity-related securities	11	47	–76.6
Equity holdings	232	177	31.1
of which: in banks	12	25	–52.0
Holdings in subsidiaries	163	112	45.5
of which: in banks	–	–	.
Total	**81,939**	**90,358**	**–9.3**
of which relate to the category:			
Loans and receivables	36,486	45,154	–19.2
Available-for-sale financial assets	43,026	42,756	0.6
of which: measured at amortised cost	307	309	–0.6
At fair value through profit or loss (fair value option)	2,427	2,448	–0.9

[1] Reduced by portfolio valuation allowances for reclassified securities of €40m (previous year: €41m).

As at 31 December 2015 the financial investments included €307m (previous year: €309m) of equity-related financial instruments which are predominantly unlisted (e.g. shareholdings in limited companies) and are measured at cost, as we do not have any reliable data to calculate fair value for these assets. We plan to continue to hold these financial instruments.

Financial instruments with a carrying amount of €99m were derecognised in 2015. This resulted in net income of €1m.

The table below shows the listed holdings contained in financial investments. The available-for-sale financial investments and those for which the fair value option is applied are listed with their fair values. Financial investments in the loans and receivables category are shown at amortised cost.

€m	31.12.2015	31.12.2014	Change in %
Bonds, notes and other interest-rate-related securities	70,894	77,772	– 8.8
Shares, other equity-related securities and units in investment funds	237	486	– 51.2
Equity holdings	5	4	25.0
Total	**71,136**	**78,262**	**– 9.1**

The revaluation reserve after deferred taxes for the securities reclassified from the available-for-sale financial assets category to the loans and receivables category in 2008 and 2009 was €– 0.5bn as at 31 December 2015 (previous year: €– 0.5bn). This negative balance will be dissolved over the remaining lifetime of the reclassified securities. If these reclassifications had not been carried out in 2008 and 2009, there would have been a revaluation reserve after deferred taxes for these securities of €– 2.3bn as at 31 December 2015 (previous year: €– 2.7bn); the change compared with a year ago was therefore €0.4bn (change 31 December 2013 to 31 December 2014: €0.1bn).

In addition to the portfolio valuation allowances of €– 2m (previous year: €– 21m) a net €0.7bn (previous year: €0.7bn) was recognised in the income statement for the reclassified securities in the current financial year.

As at 31 December 2015 the carrying amount of the reclassified securities was €34.4bn (previous year: €42.7bn), the fair value was €31.8bn (previous year: €39.5bn) and the cumulative portfolio valuation allowances were €40m (previous year: €41m). The transactions had average effective interest rates of between 0.0% and 11.0% (previous year: between 0.3% and 10.6%) and are expected to generate a cash inflow of €40.5bn (previous year: €54.6bn).

Changes in equity holdings and investments in non-consolidated subsidiaries were as follows:

	Equity holdings		Holdings in subsidiaries	
€m	2015	2014	2015	2014
Carrying amount as at 1.1.	**177**	**135**	**112**	**123**
Acquisition cost as at 1.1.	261	221	550	577
Exchange rate changes	1	–	20	18
Additions	66	35	61	35
Disposals	56	39	27	105
Reclassifications to non-current assets held for sale and assets of disposal groups	–	–	–	–
Other reclassifications/changes in the group of consolidated companies	– 8	44	3	25
Acquisition cost as at 31.12.	264	261	607	550
Write-ups	–	–	–	–
Cumulative write-downs as at 1.1.	91	91	438	454
Exchange rate changes	1	–	20	19
Additions	9	8	17	4
Disposals	8	18	20	79
Reclassifications to non-current assets held for sale and assets of disposal groups	–	–	–	–
Other reclassifications/changes in the group of consolidated companies	– 8	10	– 11	40
Cumulative write-downs as at 31.12.	85	91	444	438
Cumulative changes from remeasurement at fair value	53	7	–	–
Carrying amount as at 31.12.	**232**	**177**	**163**	**112**

(55) Holdings in companies accounted for using the equity method

The carrying amounts of companies accounted for using the equity method were €735m (previous year: €677m).

	Associated companies		Joint ventures	
€m	2015	2014	2015	2014
Equity book value as at 1.1.	**631**	**668**	**46**	**51**
Acquisition cost as at 1.1.	444	481	102	104
Exchange rate changes	4	5	–	–
Additions	6	–	2	–
Disposals	–	–	5	–
Reclassifications to non-current assets held for sale and assets of disposal groups	–	– 42	–	–
Other reclassifications/changes in the group of consolidated companies	– 10	–	–	– 2
Acquisition cost as at 31.12.	444	444	99	102
Write-ups	7	7	–	–
Cumulative write-downs as at 1.1.	26	26	–	–
Exchange rate changes	–	–	–	–
Additions	–	–	–	–
Disposals	–	–	–	–
Reclassifications to non-current assets held for sale and assets of disposal groups	–	–	–	–
Other reclassifications/changes in the group of consolidated companies	– 5	–	–	–
Cumulative write-downs as at 31.12.	21	26	–	–
Cumulative changes from remeasurement using the equity method	243	206	– 37	– 56
Equity book value as at 31.12.	**673**	**631**	**62**	**46**
of which: holdings in banks	497	462	–	–

No listed companies were included in the equity book values (previous year: –).

In 2015, €35m (previous year: €44m) in dividends from associated companies accounted for using the equity method and no dividends (previous year: –) from joint ventures accounted for using the equity method flowed directly or indirectly to Commerzbank Aktiengesellschaft.

No equity book value was zero, neither for associated companies accounted for using the equity method (previous year: 1) nor for joint ventures (previous year: –), see Note 4.

Where obligations arise from contingent liabilities of companies accounted for using the equity method or discontinued operations at companies accounted for using the equity method, the Commerzbank Group is liable to the extent of its respective ownership interest.

The investments in companies accounted for using the equity method are non-strategic holdings of the Commerzbank Group which are active mainly in the financial services sector and in leasing and real estate business. The information in this Note is therefore aggregated for associated companies and for joint ventures. A list of all companies accounted for using the equity method is given in Note 104.

The assets, debt, contingent liabilities, income and expenses of our holdings in companies accounted for using the equity method are as follows:

	Associated companies		Joint ventures		Total		
€m	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	Change in %
Current assets	1,660	1,777	13	11	1,673	1,788	– 6.4
of which: cash and cash equivalents	266	67	10	9	276	76	.
Non-current assets	2,696	1,954	198	187	2,894	2,141	35.2
Total assets	4,356	3,731	211	198	4,567	3,929	16.2
Current debt	1,637	1,272	189	36	1,826	1,308	39.6
of which: current financial liabilities	1,549	1,154	167	3	1,716	1,157	48.3
Non-current debt	2,055	1,832	172	295	2,227	2,127	4.7
of which: non-current financial liabilities	2,042	1,814	167	285	2,209	2,099	5.2
Total debt	3,692	3,104	361	331	4,053	3,435	18.0
Interest income	188	165	3	4	191	169	13.0
Interest expenses	64	68	7	7	71	75	– 5.3
Depreciation and amortisation	5	5	3	–	8	5	60.0
Taxes on income	27	18	–	–	27	18	50.0
Total income	185	156	7	– 5	192	151	27.2
Total expenses	104	98	21	13	125	111	12.6
Profit or loss from continuing operations	54	39	– 14	– 18	40	21	90.5
Other comprehensive income	–	–	–	–	–	–	.
Total comprehensive income	54	39	– 14	– 18	40	21	90.5
Contingent liabilities	342	362	10	10	352	372	– 5.4

Our share in the total of all financial assets and debt as well as in the profit or loss of associated companies and joint ventures not accounted for using the equity method due to their minor significance was as follows:

	Associated companies		Joint ventures		Total		
€m	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	Change in %
Carrying amount	72	61	–	–	72	61	18.0
Assets	296	396	39	15	335	411	– 18.5
Liabilities	255	425	39	14	294	439	– 33.0
Profit or loss from continuing operations	41	34	–	–	41	34	20.6
Other comprehensive income	–	–	–	–	–	–	.
Total comprehensive income	41	34	–	–	41	34	20.6

(56) Intangible assets

€m	31.12.2015	31.12.2014	Change in %
Goodwill	2,076	2,076	0.0
Other intangible assets	1,449	1,254	15.6
Customer relationships	315	355	– 11.3
In-house developed software	738	616	19.8
Purchased software	377	279	35.1
Other	19	4	.
Total	**3,525**	**3,330**	**5.9**

	Goodwill		
€m	31.12.2015	31.12.2014	Change in %
Private Customers	1,079	1,079	0.0
Mittelstandsbank	633	633	0.0
Central & Eastern Europe	226	226	0.0
Corporates & Markets	138	138	0.0
Non-Core Assets	–	–	.
Others and Consolidation	–	–	.
Total	**2,076**	**2,076**	**0.0**

In 2015 the recoverable amount corresponded to the value in use for all segments of Commerzbank. The comparison of the recoverable amount and book value in impairment testing of goodwill did not identify any impairments in the financial year 2015. Varying the risk-adjusted interest rate (after tax) by −25 and +25 basis points (bps) for the detailed planning phase produced the following ratios of excess or deficient cover to carrying amount:

		Private Customers	Mittelstandsbank	Central & Eastern Europe	Corporates & Markets
Realistic value[1]	Assumed risk-adjusted interest rate	64.7%	0.4%	0.8%	2.3%
Sensitivity analysis[1]	Risk-adjusted interest rate – 25bps (advantageous)	73.6%	5.6%	8.9%	7.4%
	Risk-adjusted interest rate +25bps (disadvantageous)	56.6%	– 4.4%	– 6.6%	– 2.4%

[1] Positive percent values indicate excess cover; negative percent values indicate deficient cover.

Further sensitivities for the growth rate were determined on the basis of the realistic scenario:

		Private Customers	Mittelstandsbank	Central & Eastern Europe	Corporates & Markets
Sensitivity analysis[1]	Growth rate +25 bps (advantageous)	69.9%	1.9%	3.7%	3.5%
	Growth rate – 25 bps (disadvantageous)	60.0%	– 1.0%	– 1.9%	1.1%

[1] Positive percent values indicate excess cover; negative percent values indicate deficient cover.

In the opinion of management, a realistic change in the underlying premises and central planning assumptions could lead to impairments in the cash-generating units Mittelstandsbank, Central & Eastern Europe and Corporates & Markets, where the recoverable amount is below the corresponding book value. In the goodwill impairment test the recoverable amounts were €44m or 0.4% above book value for the cash-generating unit Mittelstandsbank, €24m or 0.8% above book value for the cash-generating unit Central & Eastern Europe and €123m or 2.3% above book value for the cash-generating unit Corporates & Markets.

The changes in the underlying premises and central planning assumptions that would equalise the recoverable amount and the book value are as follows:

	Private Customers	Mittelstandsbank	Central & Eastern Europe	Corporates & Markets
Risk-adjusted interest rate (after taxes) from/to	7.0%/10.0%	7.6%/7.6%	7.6%/7.6%	7.6%/7.7%
Growth rate from/to	1.5%/negative[1]	1.5%/1.4%	1.8%/1.7%	1.5%/1.0%
Loan loss provisions/risk-weighted assets based on the end of the planning phase and perpetuity from/to	48.3bp/157.9bp	54.9bp/55.4bp	79.3bp/80.2bp	13.6bp/16.7bp

[1] Impossible to quantify, as the recoverable amount is above book value even with a long-term growth rate of 0%.

The recoverable amount is significantly above book value for the cash-generating unit Private Customers.

The forecasts for all cash-generating units can be adversely affected by global and sector-specific risks, which could lead to an impairment of goodwill. Some of the major risks include political uncertainty relating to the introduction of new regulations or the implementation of regulations that have already been enacted at both German and European level, as well as the impact of weaker economic growth and a continued low interest rate environment.

Intangible assets changed as follows:

	Goodwill		Customer relationships		In-house developed software		Purchased software and other intangible assets	
€m	2015	2014	2015	2014	2015	2014[1]	2015	2014
Carrying amount as at 1.1.	**2,076**	**2,080**	**355**	**395**	**616**	**485**	**283**	**247**
Cost of acquisition/production as at 1.1.	2,838	2,842	964	964	1,073	863	1,336	1,306
Exchange rate changes	–	–	–	–	–	–	6	– 1
Additions	–	–	–	–	277	248	221	127
Disposals	–	–	–	–	8	36	62	100
Reclassifications/changes in the group of consolidated companies	–	– 4	–	–	–	– 2	– 2	4
Cost of acquisition/production as at 31.12.	2,838	2,838	964	964	1,342	1,073	1,499	1,336
Write-ups	–	–	–	–	–	–	–	–
Cumulative write-downs as at 1.1.	762	762	609	569	457	378	1,053	1,059
Exchange rate changes	–	–	–	–	–	–	5	1
Additions	–	–	40	40	155	116	104	81
of which: unscheduled	–	–	–	–	–	6	4	1
Disposals	–	–	–	–	8	36	59	93
Reclassifications/changes in the group of consolidated companies	–	–	–	–	–	– 1	–	5
Cumulative write-downs as at 31.12.	762	762	649	609	604	457	1,103	1,053
Carrying amount as at 31.12.	**2,076**	**2,076**	**315**	**355**	**738**	**616**	**396**	**283**
Borrowing costs capitalised in the current financial year	–	–	–	–	–	–	–	–
Range of interest rates used (%)	–	–	–	–	–	–	–	–

[1] Prior-year figures restated due to the derecognition of acquisition and production costs as well as cumulative write-downs in the past.

(57) Fixed assets

	Land, buildings and other fixed assets		Office furniture and equipment	
€m	2015	2014[1]	2015	2014
Carrying amount as at 1.1.	**1,457**	**1,311**	**459**	**457**
Cost of acquisition/production as at 1.1.	2,541	2,325	2,085	2,093
Exchange rate changes	–	– 5	25	21
Additions	65	223	162	138
Disposals	24	10	127	164
Reclassifications to non-current assets held for sale and assets of disposal groups	– 245	–	– 24	–
Other reclassifications/changes in the group of consolidated companies	– 384	8	70	– 3
Cost of acquisition/production as at 31.12.	1,953	2,541	2,191	2,085
Write-ups	–	–	–	–
Cumulative write-downs as at 1.1.	1,084	1,014	1,626	1,636
Exchange rate changes	–	– 2	22	18
Additions	58	78	141	131
of which: unscheduled	9	20	5	1
Disposals	– 2	8	117	155
Reclassifications to non-current assets held for sale and assets of disposal groups	– 64	–	–	–
Other reclassifications/changes in the group of consolidated companies	– 85	2	40	– 4
Cumulative write-downs as at 31.12.	995	1,084	1,712	1,626
Carrying amount as at 31.12.	**958**	**1,457**	**479**	**459**
Borrowing costs capitalised in the current financial year	–	–	–	–
Range of interest rates used (%)	–	–	–	–

[1] Prior-year figures restated due to the derecognition of acquisition and production costs as well as cumulative write-downs in the past.

The total value of fixed assets in the Commerzbank Group was €1,437m (previous year: €1,916m) of which, as in the prior year, none was pledged as collateral. Beyond this there were no restrictions with regard to rights of disposal relating to our fixed assets.

(58) Tax assets

€m	31.12.2015	31.12.2014[1]	Change in %
Current tax assets	**512**	**716**	**– 28.5**
in Germany	444	660	– 32.7
outside Germany	68	56	21.4
Deferred tax assets	**2,836**	**3,426**	**– 17.2**
Tax assets recognised in income statement	1,842	2,137	– 13.8
Tax assets not recognised in income statement	994	1,289	– 22.9
Total	**3,348**	**4,142**	**– 19.2**

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

Deferred tax assets represent the potential income tax charge arising from temporary differences between the values assigned to assets and liabilities in the Group balance sheet in accordance with IFRS and their values for tax accounting purposes as reported by the group companies in accordance with the local tax regulations, as well as future income tax relief arising from tax carryforwards and as yet unused tax credits.

For the following tax loss carryforwards no deferred tax assets nor any impairments of existing deferred tax assets were recognised as at 31 December 2015 due to the limited planning horizon and the resulting insufficient probability of their being utilised.

Tax loss carryforwards | €m	31.12.2015	31.12.2014	Change in %
Corporation tax/federal tax	**10,482**	**9,531**	**10.0**
Can be carried forward for an unlimited period	7,250	7,146	1.5
Can be carried forward for a limited period[1]	3,232	2,385	35.5
of which: expires in the subsequent reporting period	–	–	.
Trade tax/local tax	**5,106**	**4,158**	**22.8**
Can be carried forward for an unlimited period	2,171	1,988	9.2
Can be carried forward for a limited period[1]	2,935	2,170	35.3
of which: expires in the subsequent reporting period	–	–	.

[1] Expires 20 years after the date on which the tax liability arised.

No deferred tax assets were recognised for deductible temporary differences of €192m which are eligible to be carried forward for an unlimited period (previous year: €255m).

Deferred tax assets are recognised mainly for domestic Group companies, the London branch and United Kingdom subsidiaries. Deferred tax assets were recognised in connection with the following items:

€m	31.12.2015	31.12.2014[1]	Change in %
Fair values of derivative hedging instruments	3,215	3,579	– 10.2
Trading assets and liabilities	2,611	2,642	– 1.2
Claims on banks and customers	545	114	.
Financial investments	711	911	– 22.0
Provisions (excluding pension obligations)	17	20	– 15.0
Liabilities to banks and customers	1,160	1,564	– 25.8
Pension obligations	499	652	– 23.5
Other balance sheet items	1,052	1,802	– 41.6
Tax loss carryforwards	1,260	1,473	– 14.5
Deferred tax assets gross	**11,070**	**12,757**	**– 13.2**
Offsetting with deferred tax liabilities	– 8,234	– 9,331	– 11.8
Total	**2,836**	**3,426**	**– 17.2**

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.). Before the restatement, deferred tax assets for tax loss carryforwards were €1,457m and total deferred tax assets were €3,358m.

(59) Investment properties

The properties held as investments in the amount of €106m (previous year: €620m) are all classified at fair value hierarchy level 3. They developed as follows:

€m	2015	2014[1]
Carrying amount as at 1.1.	**620**	**638**
Cost of acquisition/production as at 1.1.	979	1,021
Exchange rate changes	–	–
Additions	–	3
Disposals	705	3
Changes in the group of consolidated companies	– 152	– 5
Reclassifications	17	–
Reclassifications to non-current assets held for sale and assets of disposal groups	– 81	– 37
Cost of acquisition/production as at 31.12.	58	979
Cumulative changes from remeasurement at fair value	48	– 359
Carrying amount as at 31.12.	**106**	**620**
Borrowing costs capitalised in the current financial year	–	–
Range of interest rates used (%)	–	–

[1] Prior-year figures restated due to the derecognition of acquisition and production costs as well as cumulative write-downs in the past.

None of the investment properties were acquired in rescue purchases in the year under review (previous year: €69m). The additions during the previous year contain keine subsequent acquisition costs for significant properties.

There are no restrictions on resale, nor are there any obligations to purchase properties that need to be reported here.

We use the country-specific rental indices for commercial and office properties published by the Association of German Pfandbrief Banks (vdp) over at least an 18-year period for the sensitivity analysis of investment properties. We calculate the medium fluctuation range for each country-specific rental index, using this data to determine the potential changes in value of our properties.

The medium negative change rate is between −1.8 und −10.5% and the positive rate of change between 1.9 und 7.5%. Using the average country-specific rates of change would lead to an adjustment of around €−4m or €+3m respectively in the properties' market value.

(60) Non-current assets held for sale and assets of disposal groups

The balance sheet item non-current assets and disposal groups held for sale broke down as follows:

€m	31.12.2015	31.12.2014	Change in %
Claims on banks	–	20	.
Claims on customers	310	72	.
Trading assets	–	29	.
Financial investments	193	104	85.6
Intangible assets	–	1	.
Fixed assets	284	139	.
Investment properties	55	31	77.4
Other assets	4	25	−84.0
Total	**846**	**421**	**.**

In all cases of non-current assets and disposal groups held for sale, sales agreements have either already been concluded or will be concluded shortly. The contracts are expected to be fulfilled in 2016.

In December 2015 we decided to sell the international wealth management activities of our 100% subsidiary Commerzbank International S.A. Luxembourg in the Private Customers segment. The transaction is still subject to approval by the supervisory authorities.

AVOLO Aviation GmbH & Co. Geschlossene Investment KG, Karlsruhe, Germany is also classified as held for sale in the Private Customers segment.

The Commerzbank Group is planning to sell an investment relating to the credit card business in the Private Customers and Central & Eastern Europe segments. The transaction is expected to be completed in the next twelve months.

Property and investment fund units are also held for sale in the Non-Core Assets (NCA) and Private Customers segments. The planned disposal of assets and disposal groups in the Non-Core Assets segment reflects our asset reduction strategy in this segment.

The liabilities from disposal groups held for sale are described in Note 70.

In the year under review we sold two of the disposal groups shown as held for sale in the previous year.

(61) Other assets

Other assets mainly comprise the following items:

€m	31.12.2015	31.12.2014[1]	Change in %
Collection items	18	17	5.9
Precious metals	339	177	91.5
Leased equipment	857	795	7.8
Accrued and deferred items	200	219	– 8.7
Initial/variation margins receivables	757	113	.
Defined benefit assets recognised	448	342	31.0
other assets	893	1,388	– 35.7
Total	**3,512**	**3,051**	**15.1**

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

Changes in leased assets within other assets were as follows:

€m	2015	2014
Carrying amount as at 1.1.	**795**	**741**
Cost of acquisition/production as at 1.1.	1,020	946
Exchange rate changes	97	103
Additions	68	55
Disposals	53	48
Changes in the group of consolidated companies	–	–
Reclassifications	–	– 36
Cost of acquisition/production as at 31.12.	1,132	1,020
Cumulative write-downs as at 1.1.	225	205
Exchange rate changes	12	21
Additions	58	54
of which: unscheduled	–	–
Disposals	20	30
Changes in the group of consolidated companies	–	–
Reclassifications	–	– 25
Cumulative write-downs as at 31.12.	275	225
Cumulative changes from remeasurement at fair value	–	–
Carrying amount as at 31.12.	**857**	**795**

(62) Liabilities to banks

	Total		
€m	31.12.2015	31.12.2014[1]	Change in %
Banks in Germany	28,993	39,755	– 27.1
Banks outside Germany	54,161	60,090	– 9.9
Total	**83,154**	**99,845**	**– 16.7**
of which: relate to the category:			
Liabilities measured at amortised cost	69,595	73,298	– 5.1
At fair value through profit or loss (fair value option)	13,559	26,547	– 48.9

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

of which	Due on demand		Other liabilities	
€m	31.12.2015	31.12.2014[1]	31.12.2015	31.12.2014[1]
Banks in Germany	5,576	7,336	23,417	32,419
Banks outside Germany	28,940	36,516	25,221	23,574
Total	**34,516**	**43,852**	**48,638**	**55,993**

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

The table below shows a breakdown of liabilities to banks by main transaction types:

€m	31.12.2015	31.12.2014[1]	Change in %
Repos and cash collaterals	18,076	33,575	– 46.2
Liabilities from money market transactions	21,766	21,095	3.2
Other liabilities	43,312	45,175	– 4.1
Total	**83,154**	**99,845**	**– 16.7**

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

(63) Liabilities to customers

Liabilities to customers consist of savings deposits, demand deposits and time deposits, including savings certificates.

	Total		
€m	31.12.2015	31.12.2014[1]	Change in %
Customers in Germany	**210,097**	**193,277**	**8.7**
Corporate customers	108,426	102,623	5.7
Private customers and others	83,838	76,915	9.0
Public sector	17,833	13,739	29.8
Customers outside Germany	**47,518**	**56,003**	**– 15.2**
Corporate and retail customers	45,647	54,554	– 16.3
Public sector	1,871	1,449	29.1
Total	**257,615**	**249,280**	**3.3**
of which relate to the category:			
Liabilities measured at amortised cost	248,803	226,209	10.0
At fair value through profit or loss (fair value option)	8,812	23,071	– 61.8

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

	Savings deposits		Other liabilities			
			due on demand		with agreed term or period of notice	
€m	31.12.2015	31.12.2014	31.12.2015	31.12.2014[1]	31.12.2015	31.12.2014[1]
Customers in Germany	**6,639**	**6,434**	**126,524**	**115,337**	**76,934**	**71,506**
Corporate customers	57	52	53,821	49,838	54,548	52,733
Private customers and others	6,582	6,381	70,706	63,912	6,550	6,622
Public sector	–	1	1,997	1,587	15,836	12,151
Customers outside Germany	**322**	**326**	**32,322**	**36,693**	**14,874**	**18,984**
Corporate and retail customers	321	325	31,122	35,598	14,204	18,631
Public sector	1	1	1,200	1,095	670	353
Total	**6,961**	**6,760**	**158,846**	**152,030**	**91,808**	**90,490**

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

Savings deposits broke down as follows:

€m	31.12.2015	31.12.2014	Change in %
Savings deposits with agreed period of notice of three months	6,906	6,701	3.1
Savings deposits with agreed period of notice of more than three months	55	59	– 6.8
Total	**6,961**	**6,760**	**3.0**

The table below shows a breakdown of liabilities to customers by main transaction types:

€m	31.12.2015	31.12.2014[1]	Change in %
Repos and cash collaterals	8,479	20,200	– 58.0
Liabilities from money market transactions	56,956	46,482	22.5
Other liabilities	192,180	182,598	5.2
Total	**257,615**	**249,280**	**3.3**

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

(64) Securitised liabilities

Securitised liabilities consist of bonds and notes, including mortgage and public-sector Pfandbriefe, money market instruments (e.g. euro notes, commercial paper), index certificates, own acceptances and promissory notes outstanding.

Securitised liabilities contained mortgage Pfandbriefe of €11,091m (previous year: €13,973m) and public-sector Pfandbriefe of €9,233m (previous year: €13,353m).

€m	31.12.2015	31.12.2014[1]	Change in %
Bonds and notes issued	35,614	45,662	– 22.0
Money market instruments issued	4,944	3,136	57.7
Own acceptances and promissory notes outstanding	47	13	.
Total	**40,605**	**48,811**	**– 16.8**
of which relate to the category:			
Liabilities measured at amortised cost	39,280	47,344	– 17.0
At fair value through profit or loss (fair value option)	1,325	1,467	– 9.7

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

New issues with a total volume of €13.6bn were issued in 2015. In the same period the volume of bonds maturing amounted to €15.9bn and redemptions to €7.5bn.

The table below lists the most important bonds and notes issued in 2015:

Equivalent €m	Currency	Issuer	Interest rate %	Maturity
1,000	EUR	Commerzbank Aktiengesellschaft	0.25	2022
1,000	EUR	Commerzbank Aktiengesellschaft	0.50	2018
500	EUR	Commerzbank Aktiengesellschaft	1.50	2022
500	EUR	Commerzbank Aktiengesellschaft	0.63	2019
500	EUR	Commerzbank Aktiengesellschaft	0.25	2020
500	EUR	Commerzbank Aktiengesellschaft	0.88	2025
350	EUR	Commerzbank Aktiengesellschaft	0.00	2016
250	EUR	Commerzbank Aktiengesellschaft	0.00	2016
171	EUR	CoCo Finance II–2 Ltd.	8.90	2025
145	EUR	Commerzbank Aktiengesellschaft	0.00	2016

(65) Value adjustments for portfolio fair value hedges

The adjustment to the fair value of underlying transactions hedged against interest rate risk was €1,137m (previous year: €1,278m). A matching asset item from hedging transactions is shown on the other side of the balance sheet under positive fair values of derivative hedging instruments.

(66) Negative fair values of derivative hedging instruments

The negative fair values of derivatives used to hedge underlying transactions against interest rate risk are shown under this item.

€m	31.12.2015	31.12.2014	Change in %
Negative fair values micro fair value hedge accounting	7,326	9,240	– 20.7
Negative fair values portfolio fair value hedge accounting	30	62	– 51.6
Negative fair values cash flow hedge accounting	50	53	– 5.7
Total	**7,406**	**9,355**	**– 20.8**

(67) Trading liabilities

Trading liabilities show the negative fair values of derivative financial instruments that do not qualify for hedge accounting as well as lending commitments with negative fair values. Own issues in the trading book and delivery commitments arising from short sales of securities are also included under trading liabilities.

€m	31.12.2015	31.12.2014	Change in %
Negative fair values of derivative financial instruments	75,994	88,901	– 14.5
Currency-related derivative transactions	17,739	18,637	– 4.8
Interest-rate-related derivative transactions	51,138	63,648	– 19.7
Other derivative transactions	7,117	6,616	7.6
Certificates and other notes issued	5,011	5,271	– 4.9
Delivery commitments arising from short sales of securities, negative market values of lending commitments and other trading liabilities	5,438	2,991	81.8
Total	**86,443**	**97,163**	**– 11.0**

Other derivative transactions consisted mainly of €4,378m in equity derivatives (previous year: €3,736m) and €2,294m in credit derivatives (previous year: €2,327m).

(68) Provisions

Provisions broke down as follows:

€m	31.12.2015	31.12.2014[1]	Change in %
Provisions for pensions and similar commitments	1,034	1,590	– 35.0
Other provisions	2,292	3,682	– 37.8
Total	**3,326**	**5,272**	**– 36.9**

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

a) Provisions for pensions and similar commitments

Changes in provisions for pensions and similar commitments were as follows in 2015:

€m	Pension entitlements of active and former employees and of pensioners	Early retirement	Part-time scheme for older staff	Total
As at 1.1.2015	**1,541**	**49**	**–**	**1,590**
Pension payments	– 251	– 20	– 70	**– 341**
Additions	114	29	2	**145**
Allocation to plan assets[1]	– 126	–	–	**– 126**
Change from remeasurement of defined benefit plans not recognised in income statement	– 335	–	–	**– 335**
Reclassifications/exchange rate changes[2]	33	–	68	**101**
Changes in consolidated companies	–	–	–	**–**
As at 31.12.2015	**976**	**58**	**–**	**1,034**

[1] If taken into account when setting the level of provisions.
[2] The change in capitalised plan assets is contained in pension entitlements of active and former employees and pension entitlements of pensioners.

The interest and operating expenses for pensions and other employee benefits consisted of the following components:

€m	2015	2014
Expenses for defined benefit plans	114	87
Expenses for defined contribution plans	84	83
Other pension benefits (early retirement and part-time scheme for older staff)	31	33
Other pension-related expenses	21	14
Exchange rate changes	–	–
Expenses for pensions and similar employee benefits	**250**	**217**

In addition, personnel expense included €232m (previous year: €231m) in employers' contributions to the state pension scheme.

In the financial year 2016 employer contributions of €60m to plan assets for defined benefit pension plans are expected in the Group as well as pension payments of €255m.

b) Defined benefit plans

Pension obligations and pension expense for defined benefit plans are calculated annually by independent actuaries, using the projected unit credit method. The underlying actuarial parameters are based on the norms in the country in which the pension plan was established. The parameters outside Germany are shown on the basis of weighted averages taking account of the respective relevant pension plans.

%	31.12.2015	31.12.2014
Parameters for pension plans in Germany		
for determining the pension obligation at year-end		
Discount rate	2.6	2.3
Change in salaries	2.5	2.5
Adjustment to pensions	1.5	1.8
for determining pension expenses in the financial year		
Discount rate	2.3	3.9
Change in salaries	2.5	2.5
Adjustment to pensions	1.8	1.8
Parameters for pension plans outside Germany		
for determining the pension obligation at year-end		
Discount rate	3.7	3.5
Change in salaries	2.8	2.8
Adjustment to pensions	2.7	2.8
for determining pension expenses in the financial year		
Discount rate	3.5	4.5
Change in salaries	2.8	2.8
Adjustment to pensions	2.8	3.1

The net debt of the defined benefit obligation changed as follows:

€m	Pension obligation	Plan assets	Net debt
As at 1.1.2014	**7,175**	**– 6,543**	**632**
Service cost	73	–	73
Past service cost	–	–	–
Curtailments/settlements	– 4	–	– 4
Interest expense/income	282	– 264	18
Remeasurement	1,912	– 1,050	862
Gain/loss on plan assets excluding amounts already recognised in net interest expense/income	–	– 1,050	– 1,050
Experience adjustments	– 24	–	– 24
Adjustments in financial assumptions	1,947	–	1,947
Adjustments in demographic assumptions	– 11	–	– 11
Pension payments	– 308	59	– 249
Settlement payments	– 15	15	–
Change in the group of consolidated companies	– 1	1	–
Exchange rate changes	85	– 90	– 5
Employer contributions	–	– 61	– 61
Employee contributions	2	– 2	–
Reclassifications/other changes	–	–	–
As at 31.12.2014	**9,201**	**– 7,935**	**1,266**
of which: provision for pension			1,541
of which: recognition of defined benefit assets			275
As at 1.1.2015	**9,201**	**– 7,935**	**1,266**
Service cost	103	–	103
Past service cost	– 9	–	– 9
Curtailments/settlements	–	–	–
Interest expense/income	228	– 208	20
Remeasurement	– 732	397	– 335
Gain/loss on plan assets excluding amounts already recognised in net interest expense/income	–	397	397
Experience adjustments	– 66	–	– 66
Adjustments in financial assumptions	– 653	–	– 653
Adjustments in demographic assumptions	– 13	–	– 13
Pension payments	– 330	79	– 251
Settlement payments	–	–	–
Change in the group of consolidated companies	–	–	–
Exchange rate changes	85	– 97	– 12
Employer contributions	–	– 126	– 126
Employee contributions	2	– 2	–
Reclassifications/other changes	– 1	–	– 1
As at 31.12.2015	**8,547**	**– 7,892**	**655**
of which: provision for pension			976
of which: recognition of defined benefit assets			321

The asset ceiling had no effects within Commerzbank, and the net debt may therefore be equated with the financing status.

The geographical breakdown of the pension obligations was as follows:

€m	31.12.2015	31.12.2014
Germany	7,133	7,795
United Kingdom	1,208	1,209
America	105	96
Others	101	101
Total	**8,547**	**9,201**

The sensitivity analysis shown here reflects the changes in the assumption; the other assumptions remain unchanged from the original calculation, i.e. potential correlation effects between the individual assumptions are not accounted for. The effects of the assumption changes on the present value of the pension liabilities were determined using the same methods – especially the projected unit credit method – as used for the measurement of pension obligations in the financial statements. A change in the corresponding assumptions as at 31 December 2015 would have the following effects:

€m	Obligation as at 31.12.2015	Obligation as at 31.12.2014
Interest rate sensitivity		
Discount rate +50bps	–675	–751
Discount rate –50bps	772	861
Salary change sensitivity		
Change in salaries +50bps	9	13
Change in salaries –50bps	–8	–10
Pension adjustment sensitivity		
Adjustment to pensions +50bps	450	517
Adjustment to pensions –50bps	–414	–472
Mortality rate (life expectancy) change sensitivity		
Reduction in mortality by 10%[1]	271	305

[1] The reduction in mortality by 10% for all ages results in an average increase in life expectancy of around one year at age 65.

The breakdown of the plan assets was as follows:

%	31.12.2015		31.12.2014	
	Active market	Inactive market	Active market	Inactive market
Fixed-income securities/bond funds	51.1	19.6	53.9	13.9
Shares/equity funds	7.9	2.9	8.0	2.6
Other investment fund units	0.1	0.8	0.1	0.9
Liquid assets	1.9	–	2.5	–
Asset-backed securities	2.9	3.6	0.9	5.7
Property	–	–	–	–
Derivatives	7.9	0.8	8.4	0.5
Interest-related	10.5	1.2	10.8	1.2
Credit-related	–	–	0.3	0.1
Inflation-related	– 2.6	– 0.4	– 2.6	– 0.7
Other	–	–	– 0.1	– 0.1
Others	–	0.5	–	2.6

The weighted average duration of the pension obligations was 17.3 years (previous year: 17.9 Jahre). The anticipated maturities of undiscounted pension obligations are as follows:

€m	2016	2017	2018	2019	2020	2021– 2025
Expected pension payments	294	299	307	313	320	1,704

c) Defined contribution plans

Expense for contributions paid to defined contribution plans in Germany in 2015 was €61m (previous year: 62m) and contributions in 2016 are expected to be around the same amount. No provisions were recognised for the BVV pension commitment, since the assumption of secondary liability under the law is regarded as unlikely.

d) Loan loss provisions

Loan loss provisions changed as follows in 2015:

€m	As at 1.1.2015	Allocations	Utilisation	Reversals	Reclassification/ change in the group of consolidated companies/other	As at 31.12.2015
Specific risks in lending business	111	56	2	58	3	110
Portfolio risks in lending business	127	17	–	9	1	136
Total	**238**	**73**	**2**	**67**	**4**	**246**

The average residual term of loan loss provisions is based on the residual terms of the contingent liabilities and irrevocable lending commitments set out in Note 87.

e) Other provisions

Other provisions changed as follows in 2015:

€m	As at 1.1.2015	Allocations	Utilisation	Reversals	Unwinding of discount	Reclassification/ change in the group of consolidated companies/other	As at 31.12.2015
Personnel provisions	687	442	392	44	–	7	700
Restructuring measures	490	114	121	7	–	– 3	473
Bonuses for special savings schemes	18	–	–	–	–	– 18	–
Legal proceedings and recourse claims	1,748	137	1,531	120	–	162	396
Other[1]	501	231	149	87	1	– 20	477
Total	**3,444**	**924**	**2,193**	**258**	**1**	**128**	**2,046**

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

The personnel provisions are predominantly short-term in nature, but also include provisions for service anniversaries, which are by their nature long-term and are utilised successively in following reporting periods. They also contain provisions for the long-term cash component of the Commerzbank Incentive Plan which are utilised after the expiry of the 4-year vesting period. The provisions listed under Other mostly have a residual term of under one year.

The provisions for restructuring measures derive predominantly from measures relating to the new strategy of Commerzbank and the realignment of the Group in compliance with the requirement to wind down Hypothekenbank Frankfurt. They are largely attributable to the Human Resources and Organisation departments and are mainly spread over a term of up to four years. We expect these provisions to be utilised in the period from 2016 to 2019.

In case of legal proceedings for which provisions need to be recognised and which are contained in the other provisions, neither the duration of the proceedings nor the level of utilisation of the provision can be predicted with certainty at the date the provision is recognised. The provisions cover the costs expected according to our judgement as at balance sheet date. We have not set out the provision amounts individually to avoid influencing the outcome of the various proceedings.

- Commerzbank and its subsidiaries operate in a large number of jurisdictions subject to different legal and regulatory requirements. In isolated cases in the past infringements of legal and regulatory provisions have come to light and have been prosecuted by government agencies and institutions. Some companies within the Group are currently still involved in a number of such cases.
- Commerzbank and its subsidiaries are mainly active in the area of investment advisory within the Private Customers segment. The legal requirements for investor- and investment-oriented advisory services have been made more rigorous, especially in recent years. Commerzbank and its subsidiaries have consequently been involved in a number of legal disputes, some of which are still pending, with investors who claim to have received poor or inadequate investment advice demanding compensation for damages or the reversal of investment transactions where information regarding commission fees was lacking (e.g. for closed-end funds).
- Following a ruling by the German Federal Court of Justice in October 2014 that non-term related processing fees in preformulated contract terms for consumer loans were invalid, a large number of customers have lodged claims with Commerzbank for repayment of the processing fees.
- Former employees of the Dresdner Bank Group instigated lawsuits in Germany and at various locations abroad against group companies to recover variable remuneration which was either not paid or not paid in the amount to which the employee was supposedly entitled for the 2008 financial year. The courts have now ruled definitively on the majority of these cases. The rulings varied according to jurisdiction and the specifics of the individual case; in some instances the Bank prevailed and in others the Bank was ordered to pay. This matter is now closed owing to the final conclusion of the lawsuits or the expiry of limitation periods.
- In the past few years the Commerzbank Group has sold a number of subsidiaries and equity holdings in Germany and abroad as well as some major properties. These contracts contain guarantees, certain indemnities and some financial commitments and could lead to claims being raised against the

Commerzbank Group. In some cases, complaints have been filed claiming failure to honour the agreements in question.

- In connection with the acquisition of an equity stake by a Commerzbank subsidiary the vendor took the case to court disputing the way in which the share price had been determined through the transfer of properties by way of a capital contribution in kind. The appeal court decided in April 2014 that the transfer of the properties by way of a capital contribution in kind was invalid. The Commerzbank subsidiary appealed this ruling. The appeal was rejected in August 2015 and a drawdown of the provision is therefore likely. Adequate provision has been made for this outcome.
- A subsidiary of Commerzbank was involved in two South American banks which are meanwhile being liquidated. A number of investors and creditors of these banks have launched various legal actions in Uruguay and Argentina against the subsidiary, and in some cases Commerzbank as well, alleging liability as shareholders of the bankrupt companies as well as breaches of duties by the persons nominated by the subsidiary for the banks' supervisory boards. In addition the subsidiary was involved in two funds which raised money from investors and were managed by third parties. The liquidators of these funds have launched court proceedings in the US demanding the repayment of amounts received by the subsidiary from the funds.
- An investor is claiming compensation from Commerzbank and other defendants due to an alleged incorrect prospectus in connection with the flotation of a company on the stock market. In addition the company's insolvency administrator has raised recourse claims against the company arising from its joint liability and for other reasons. The action was rejected by the court of first instance. The claimants are appealing against this decision. Should the claimants win their appeal in the higher courts, Commerzbank expects that recourse claims against other members of the consortium and third parties will be possible based on the contractual agreements.
- In July 2005 Commerzbank Aktiengesellschaft was sued as part of a consortium by a customer in the course of his bankruptcy proceedings in the US. The customer had repaid a loan in full as guarantor for his subsidiary and claimed that various repayments were invalid because he was evidently insolvent at the date the loan was granted. Two attempts at out-of-court mediation were unsuccessful. After the quashing of the ruling of the court of first instance, pre-trial discovery was held before the district court in March 2015. Following these proceedings the banking consortium submitted an application for a summary judgement. In December 2015 the application by the banking consortium was upheld and the customer's suit was rejected. The customer has lodged an appeal.
- Commerzbank has been sued by a customer's fidelity insurer in connection with foreign payment transactions which were allegedly not authorised by the customer. The Bank received notice of the action in November 2014. Commerzbank will defend itself against the action.
- Investors in a fund managed by a Commerzbank subsidiary active in asset management have sued this subsidiary for compensation arising from a lending commitment allegedly made by the subsidiary in the course of a joint venture project. A hearing date is planned for 2016.
- A subsidiary of Commerzbank was sued by a customer in May 2014 for compensation due to alleged fraudulent mis-selling of derivative transactions. The subsidiary has defended itself against the claim.

At the beginning of 2010 Commerzbank was requested by the US authorities to carry out an internal investigation of breaches by the Group of US sanctions regulations and to work closely with the US authorities in conducting this investigation. The US authorities also investigated whether Commerzbank infringed US anti-money laundering regulations. Commerzbank cooperated with the US authorities for several years and provided them with detailed documentation and the findings of various internal investigations. After the US Department of Justice decided in October 2014 to pursue a combined settlement of the two cases, an agreement was reached with the US authorities on the breaches of sanctions and anti-money laundering regulations in mid-March 2015. As part of this settlement Commerzbank agreed to pay a total of US$1,452m. Provisions have been recognised for this amount. Commerzbank also has wide-ranging obligations under the agreement, particularly in relation to cooperation with the US authorities and the improvement of the Bank's compliance processes. After they begin their work, the monitor appointed by US banking regulators will incur costs for the Bank. The settlement also includes a deferred prosecution agreement covering a period of three years.

(69) Tax liabilities

€m	31.12.2015	31.12.2014[1]	Change in %
Current tax liabilities	**401**	**316**	**26.9**
Tax liabilities to tax authorities from income tax	24	14	71.4
Provisions for income tax	377	302	24.8
Deferred tax liabilities	**106**	**131**	**– 19.1**
Tax liabilities recognised in income statement	79	92	– 14.1
Tax liabilities not recognised in income statement	27	39	– 30.8
Total	**507**	**447**	**13.4**

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).
Before restatement, current tax liabilities were €239m and total tax liabilities were €370m.

Provisions for taxes on income are potential tax liabilities which have not yet been formally assessed and potential liabilities for risks associated with tax audits. The liabilities to tax authorities represent payment obligations in respect of current taxes towards German and foreign tax authorities.

Deferred tax liabilities represent the potential income tax charge arising from temporary differences between the values assigned to assets and liabilities in the consolidated balance sheet in accordance with IFRS and their values for tax accounting purposes as reported by the group companies in accordance with the local tax regulations. They were recognised in connection with the following items:

€m	31.12.2015	31.12.2014	Change in %
Trading assets and liabilities	1,855	2,313	– 19.8
Fair values of derivative hedging instruments	1,712	2,209	– 22.5
Financial investments	2,314	2,476	– 6.5
Claims on banks and customers	689	899	– 23.4
Liabilities to banks and customers	1	2	– 50.0
Other balance sheet items	1,769	1,563	13.2
Deferred tax liabilities gross	**8,340**	**9,462**	**– 11.9**
Offsetting with deferred tax assets	– 8,234	– 9,331	– 11.8
Total	**106**	**131**	**– 19.1**

(70) Liabilities from disposal groups held for sale

The breakdown of liabilities from disposal groups held for sale was as follows:

€m	31.12.2015	31.12.2014	Change in %
Liabilities to banks	73	88	– 17.0
Liabilities to customers	1,000	10	.
Negative fair values of derivative hedging instruments	–	–	.
Provisions	–	1	.
Other liabilities	–	43	.
Total	**1,073**	**142**	**.**

(71) Other liabilities

€m	31.12.2015	31.12.2014[1]	Change in %
Liabilities attributable to film funds	1,334	1,470	– 9.3
Liabilities attributable to non-controlling interests	5,521	3,965	39.2
Accrued and deferred items	374	436	– 14.2
Variation margins payable	528	78	.
Other liabilities	1,353	1,384	– 2.2
Total	**9,110**	**7,333**	**24.2**

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

(72) Subordinated debt instruments

Subordinated debt instruments comprise financial instruments which in the event of an insolvency can only be repaid after all non-subordinated creditors have been satisfied. These were as follows:

€m	31.12.2015	31.12.2014	Change in %
Subordinated debt instruments	11,804	12,635	– 6.6
Accrued interest, including discounts[1]	– 751	– 1,010	– 25.6
Remeasurement effects	805	733	9.8
Total	**11,858**	**12,358**	**– 4.0**
of which relate to the category:			
Liabilities measured at amortised cost	11,846	12,350	– 4.1
At fair value through profit or loss (fair value option)	12	8	50.0

[1] Including the impact of the adjustment of fair values of subordinated debt instruments at the date of acquisition of Dresdner Bank.

In 2015 the volume of subordinated debt instruments maturing amounted to €0.8bn and repayments to €0.3bn. There were no significant new issues in 2015.

In the year under review, the interest expense of the Group for subordinated debt instruments totalled €895m (previous year: €879m). Interest accruals for interest not yet paid totalled €311m (previous year: €319m).

The following major subordinated debt instruments were outstanding at the end of 2015:

Start of maturity	€m	Currency in m	Issuer	Interest rate %	Maturity
2011	1,254	1,254 EUR	Commerzbank Aktiengesellschaft	6.375	2019
2011	1,250	1,250 EUR	Commerzbank Aktiengesellschaft	7.750	2021
1999	919	1,000 USD	Dresdner Capital LLC I	8.151	2031
2013	700	762 USD	Commerzbank Aktiengesellschaft	8.125	2023
2007	600	600 EUR	Commerzbank Aktiengesellschaft	0,810[1]	2017
2006	492	492 EUR	Commerzbank Aktiengesellschaft	0,780[1]	2016
2006	416	416 EUR	Commerzbank Aktiengesellschaft	7.040	for an unlimited period
2011	322	322 EUR	Commerzbank Aktiengesellschaft	2,870[1]	2018
2011	300	300 EUR	Commerzbank Aktiengesellschaft	3,000[1]	2018
1999	278	204 GBP	Commerzbank Aktiengesellschaft	6.630	2019

[1] Floating interest rate.

(73) Equity structure

€m	31.12.2015	31.12.2014[1]	Change in %
a) Subscribed capital	1,252	1,139	9.9
b) Capital reserve	17,192	15,928	7.9
c) Retained earnings	11,740	10,462	12.2
Other reserves	– 781	– 1,402	– 44.3
d) Revaluation reserve	– 597	– 963	– 38.0
e) Cash flow hedge reserve	– 159	– 246	– 35.4
f) Currency translation reserve	– 25	– 193	– 87.0
Total before non-controlling interests	**29,403**	**26,127**	**12.5**
Non-controlling interests	1,004	906	10.8
Equity	**30,407**	**27,033**	**12.5**

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

a) Subscribed capital

The subscribed capital (share capital) of Commerzbank Aktiengesellschaft consists of no-par-value shares, each with an accounting par value of €1.00. The shares are issued in bearer form. Purchases and disposals of treasury shares are added to or deducted from subscribed capital at an accounting par value of €1.00.

	Units
Number of shares outstanding as at 1.1.2015	**1,138,506,941**
plus treasury shares as at 31.12. of the previous year	–
Issue of new shares	113,850,693
Number of issued shares as at 31.12.2015	**1,252,357,634**
less treasury shares as at balance sheet date	–
Number of shares outstanding as at 31.12.2015	**1,252,357,634**

The subscribed capital stood at €1,252m as at 31 December 2015, as no treasury shares were held. There are no preferential rights or restrictions on the payment of dividends at Commerzbank Aktiengesellschaft. All shares in issue are fully paid up. The value of issued, outstanding and authorised shares was as follows:

	31.12.2015		31.12.2014	
	€m	1,000 units	€m	1,000 units
Issued shares	1,252.4	1,252,358	1,138.5	1,138,507
./. Treasury shares	–	–	–	–
= Shares outstanding	1,252.4	1,252,358	1,138.5	1,138,507
Shares not yet issued from authorised capital	569.0	569,000	2,613.0	2,613,000
Total	**1,821.4**	**1,821,358**	**3,751.5**	**3,751,507**

The number of authorised shares was 1,821,358 thousand (previous year: 3,751,507 thousand shares). The accounting par value of the authorised shares was €1,821.4m (previous year: €3,751.5m).

As at 31 December 2015 3,831 thousand shares (previous year: 4,133 thousand shares) had been pledged with the Group as collateral. This represents 0.3% (previous year: 0.4%) of the shares outstanding on the balance sheet date.

Securities transactions in treasury shares pursuant to Art. 71 (1) no. 7 of the German Stock Corporation Act (Aktiengesetz) were as follows:

	Number of shares in units	Accounting par value[1] €1,000	Percentage of share capital %
Balance as at 31.12.2015	–	–	–
Largest number acquired during the financial year	–	–	–
Total shares pledged by customers as collateral as at 31.12.2015	3,831,424	3,831	0.31
Shares acquired during the financial year	–	–	–
Shares disposed of during the financial year	–	–	–

[1] Accounting par value per share €1.00.

b) Capital reserve

Premiums from the issue of shares are shown in the capital reserve. In addition, if bonds and notes are issued for conversion and option rights entitling holders to purchase shares, the amounts realised are recognised in the capital reserve.

For the resale of treasury shares, the difference between the accounting par value and the market value of the share is recognised in the capital reserve, if the latter exceeds the original acquisition costs of these shares.

c) Retained earnings

Retained earnings consist of the statutory reserve and other reserves. The statutory reserve contains reserves which are mandated by German law; in the parent company financial statements, the amounts assigned to this reserve may not be distributed. The total amount of retained earnings stated in the balance sheet resulted from other retained earnings of €11,740m (previous year[1]: €10,462m). There were no statutory reserves at 31 December 2014 or 31 December 2015.

In addition, costs arising in connection with capital increases, which must be shown as a deduction from equity in accordance with IAS 32.35, are deducted from retained earnings. The fair value of share-based payments settled in the form of equity instruments that have not yet been exercised is also shown.

For purchases of treasury shares, the difference between the acquisition costs and the notional par value is recognised in the retained earnings. The resale of treasury shares is reported as a mirror-image of the purchase of treasury shares up to the level of the acquisition costs (see section b) capital reserve).

d) Revaluation reserve

Gains or losses from revaluing available-for-sale financial investments at fair value are recognised in the revaluation reserve net of deferred taxes. Gains or losses are recognised in the income statement only after the asset has been disposed of or impaired.

e) Cash flow hedge reserve

The net gain or loss on remeasuring the effective part of cash flow hedges is reported in this equity item after deduction of deferred taxes. Commerzbank Aktiengesellschaft ended cash flow hedge accounting in the financial year 2009 and since then has been using micro fair value hedge accounting and portfolio fair value hedge accounting to manage interest rate risks. From the date of this change, the cash flow hedge reserve reported in equity and the associated hedging transactions have been amortised in net interest income over the residual term of the hedging transactions. This has no impact on net income. However, cash flow hedge accounting is used by a number of subsidiaries.

f) Currency translation reserve

The currency translation reserve relates to translation gains and losses arising upon the consolidation of the capital accounts. This includes exchange rate differences arising from the currency translation of the financial statements of subsidiaries and companies accounted for using the equity method.

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

(74) Conditional capital

Conditional capital is intended to be used for the issue of convertible bonds or bonds with warrants and also of profit-sharing certificates with conversion or option rights. Conditional capital developed as follows:

€m	Conditional capital 1.1.2015	Additions	Expirations/ utilisations	Authorisation expired	Conditional capital 31.12.2015	of which Used conditional capital	of which Conditional capital still available
Convertible bonds/bonds with warrants/profit-sharing certificates	2,750	569	–	2,750	569	–	569
Total	**2,750**	**569**	**–**	**2,750**	**569**	**–**	**569**

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

The Board of Managing Directors is authorised, subject to Supervisory Board approval, to determine the further details concerning the implementation of the conditional capital increase.

(75) Authorised capital

Date of AGM resolution	Original amount €m	Used in previous years for capital increases €m	Used in 2015 for capital increases €m	Authorisation expired €m	Residual amount €m	Date of expiry
6.5.2011	2,000	537	113	1,350	–	5.5.2016
23.5.2012	1,150	–	–	1,150	–	22.5.2017
29.4.2015	569	–	–	–	569	29.4.2020
Total	**3,719**	**537**	**113**	**2,500**	**569**	

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

The Board of Managing Directors is authorised, with the approval of the Supervisory Board, to increase the Company's share capital until 29 April 2020 through the issuance of new shares with no par value in exchange for cash or contributions in kind, in either one or several tranches, but not exceeding a maximum amount of €569,253,470.00 (Authorised Capital 2015 in accordance with Art. 4 (3) of the Articles of Association). In principle, shareholders shall be offered subscription rights; the statutory subscription right may also be granted in such manner that the new shares are underwritten by one or more banks or enterprises equivalent to a bank pursuant to Art. 186 (5) sentence 1 Stock Corporation Act under an obligation to offer them for subscription to shareholders of Commerzbank Aktiengesellschaft. However, the Board of Managing Directors is authorised to exclude subscription rights, with the approval of the Supervisory Board, in the following cases:

- in order to exclude fractional amounts from subscription rights;
- to the extent necessary, to grant the holders of conversion or option rights, either already issued or still to be issued by Commerzbank Aktiengesellschaft or by companies in which Commerzbank Aktiengesellschaft directly or indirectly holds a majority interest (Group companies as defined in Art. 18 (1) Stock Corporation Act), subscription rights in the amount to which they would be entitled after exercising their conversion or option rights or fulfilling their corresponding conversion or option obligation;
- in order to issue shares to employees of Commerzbank Aktiengesellschaft or of companies in which Commerzbank Aktiengesellschaft directly or indirectly holds a majority interest (Group companies as defined in Art. 18 (1) Stock Corporation Act);
- in order to increase the share capital in exchange for contributions in kind;
- in the event of capital increases for cash, if the issue price of the new shares is not significantly lower than the market price for identical shares of the Company at the time the issue price is determined. The shares issued with the exclusion of subscription rights pursuant to Art. 203 (1) and Art. 186 (3) sentence 4 Stock Corporation Act on the basis of this authorisation may not exceed a total of 10% of the share capital of the Company, either at the time the authorisation becomes effective, or at the time the authorisation is exercised, whichever amount is lower. The upper limit of 10% of the share capital is reduced by the proportional amount of share capital corresponding to those of the Company's own shares that are sold during the period of validity of Authorised Capital 2015, while excluding shareholders' subscription rights in accordance with Art. 71 (1) no. 8 sentence 5, and Art. 186 (3) sentence 4 Stock Corporation Act. The upper limit is further reduced by the proportional amount of share capital corresponding to those shares that must be issued to service options and convertible bonds with option or conversion rights or with option or conversion obligations, provided such bonds are issued during the period of validity of Authorised Capital 2015, while excluding subscription rights subject to appropriate application of Art. 186 (3) sentence 4 Stock Corporation Act.

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

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

(76) The Bank's foreign currency position

As at 31 December 2015 the Commerzbank Group had the following foreign currency assets and debt (excluding fair values of derivatives):

€m	31.12.2015					31.12.2014[1]	
	USD	PLN	GBP	Others	Total	Total	Change in %
Cash reserve	5,971	1,309	168	800	8,248	3,142	.
Claims on banks	18,702	207	749	5,446	25,104	26,110	– 3.9
Claims on customers	25,692	9,932	8,103	13,989	57,716	63,606	– 9.3
Trading assets	13,817	148	2,358	3,135	19,458	24,009	– 19.0
Financial investments	16,889	6,762	2,383	4,599	30,633	24,893	23.1
Other balance sheet items	1,086	624	2	710	2,422	4,131	– 41.4
Foreign currency assets	**82,157**	**18,982**	**13,763**	**28,679**	**143,581**	**145,891**	**– 1.6**
Liabilities to banks	22,444	374	2,416	4,293	29,527	29,049	1.6
Liabilities to customers	16,146	14,696	2,204	6,209	39,255	42,182	– 6.9
Securitised liabilities	4,160	694	745	2,687	8,286	12,092	– 31.5
Trading liabilities	2,509	170	117	389	3,185	2,340	36.1
Other balance sheet items	4,236	752	873	1,336	7,197	8,119	– 11.4
Foreign currency liabilities	**49,495**	**16,686**	**6,355**	**14,914**	**87,450**	**93,782**	**– 6.8**

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

The open balance sheet positions outside the trading business are matched by corresponding foreign exchange forward contracts or currency swaps with matching maturities.

Notes on financial instruments

(77) Derivative transactions

The Commerzbank Group conducts transactions with derivative financial instruments, as explained below.

A derivative is a financial instrument with a value determined by a so-called underlying asset. The underlying asset may, for example, be an interest rate, commodity price, share price, foreign exchange rate or bond price. The financial instrument does not require any, or an initial net investment that is smaller than would be required for other types of instrument that would be expected to have a similar response to changes in market factors. It is settled at a future date.

Most of the derivatives transactions involve OTC derivatives, with a nominal amount, maturity and price which are agreed individually between the Bank and its counterparties. However, the Bank also concludes derivatives contracts on regulated stock exchanges. These are standardised contracts with standardised nominal amounts and settlement dates.

The nominal amount shows the volume traded by the Bank. The positive and negative fair values listed in the table, however, are the expenses which would be incurred by the Bank or the counterparty to replace the contracts originally concluded with transactions of an equivalent financial value. From the Bank's point of view, a positive fair value thus indicates the maximum potential counterparty-specific default risk that existed from derivative transactions on the balance sheet date.

In order to minimise both the economic and regulatory credit risk arising from these instruments, we conclude master agreements (bilateral netting agreements) with our counterparties (such as 1992 ISDA Master Agreement Multi-Currency Cross-Border; German Master Agreement for Financial Futures). By means of such bilateral netting agreements, the positive and negative fair values of the derivatives contracts included under a master agreement can be offset against one another and the future regulatory risk add-ons for these products can be reduced. This netting process reduces the credit risk to a single net claim on the party to the contract (close-out-netting).

For both regulatory reports and the internal measurement and monitoring of our credit commitments, we use such risk-mitigating techniques only where we consider them enforceable in the jurisdiction in question, if the counterparty becomes insolvent. We obtain legal opinions from various international law firms in order to verify enforceability.

Similar to the master agreements are the collateral agreements (e.g. collateralisation annex for financial futures contracts, Credit Support Annex), which we conclude with our business associates to secure the net claim or liability remaining after netting (receiving or furnishing of security). As a rule, this collateral management reduces credit risk by means of prompt – mostly daily or weekly – measurement and adjustment of the customer exposure.

The following table shows the nominal amounts and the fair values of the derivative business broken down by interest rate-based contracts, currency-based contracts and contracts based on other price risks and the maturity structure of these transactions. The fair values are the sum totals of the positive and negative amounts per contract and are shown without deducting collateral and without taking account of any netting agreements, because these work on a cross-product basis. By definition, no positive fair values exist for options which have been written. The nominal amount represents the gross volume of all sales and purchases. The maturity dates listed for the transactions are based on the term to maturity of the contracts and not the maturity of the underlying. The following table also shows the fair value of derivatives based on the net method of presentation as set out in Note 1. The total effect of netting amounted to €63,666m as at 31 December 2015 (previous year: €98,917m). On the assets side, €61,965m (previous year: €96,374m) of this was attributable to positive fair values and €1,701m (previous year: €2,543m) to margins receivable. Netting on the liabilities side involved negative fair values of €63,034m (previous year: €98,336m) and €632m margins payable (previous year: €581m).

31.12.2015	Nominal amount Residual terms						Fair value	
€m	due on demand	up to 3 months	3 months to 1 year	1 year to 5 years	more than 5 years	Total	positive	negative
Foreign-currency-based forward transactions								
OTC products	16	286,385	194,609	174,253	117,042	772,305	15,174	17,740
Foreign exchange spot and forward contracts	–	232,349	99,722	22,879	880	355,830	4,850	4,608
Interest rate and currency swaps	–	19,424	52,822	134,065	112,587	318,898	8,537	11,457
Currency call options	–	16,107	18,585	6,928	1,597	43,217	1,448	–
Currency put options	–	18,211	22,367	9,649	1,904	52,131	–	1,488
Other foreign exchange contracts	16	294	1,113	732	74	2,229	339	187
Exchange-traded products	–	223	177	44	–	444	–	–
Currency futures	–	209	143	4	–	356	–	–
Currency options	–	14	34	40	–	88	–	–
Total	**16**	**286,608**	**194,786**	**174,297**	**117,042**	**772,749**	**15,174**	**17,740**
Interest-based forward transactions								
OTC products	8	299,369	1,031,126	906,465	1,068,868	3,305,836	121,084	121,577
Forward rate agreements	–	52,298	588,177	680	–	641,155	186	157
Interest rate swaps	–	242,919	402,344	813,960	911,260	2,370,483	108,881	112,732
Call options on interest rate futures	–	1,658	22,156	42,483	69,124	135,421	7,819	–
Put options on interest rate futures	–	1,568	15,990	43,462	80,753	141,773	–	7,986
Other interest rate contracts	8	926	2,459	5,880	7,731	17,004	4,198	702
Exchange-traded products	–	588	22,406	1,774	6,606	31,374	–	–
Interest rate futures	–	574	13,716	1,383	2,970	18,643	–	–
Interest rate options	–	14	8,690	391	3,636	12,731	–	–
Total	**8**	**299,957**	**1,053,532**	**908,239**	**1,075,474**	**3,337,210**	**121,084**	**121,577**
Other forward transactions								
OTC products	1,635	15,479	40,599	79,904	12,133	149,750	5,449	7,117
Structured equity/index products	1,431	7,723	10,795	11,790	1,271	33,010	835	3,372
Equity call options	–	1,897	5,226	3,471	108	10,702	615	–
Equity put options	–	2,236	7,286	12,034	993	22,549	–	1,006
Credit derivatives	–	2,166	14,286	50,354	9,756	76,562	1,650	2,294
Precious metal contracts	2	674	807	776	–	2,259	151	297
Other transactions	202	783	2,199	1,479	5	4,668	2,198	148
Exchange-traded products	–	35,742	28,895	14,576	261	79,474	–	–
Equity futures	–	16,801	717	176	–	17,694	–	–
Equity options	–	14,116	22,500	12,538	261	49,415	–	–
Other futures	–	3,638	3,206	1,133	–	7,977	–	–
Other options	–	1,187	2,472	729	–	4,388	–	–
Total	**1,635**	**51,221**	**69,494**	**94,480**	**12,394**	**229,224**	**5,449**	**7,117**
Total pending forward transactions								
OTC products	1,659	601,233	1,266,334	1,160,622	1,198,043	4,227,891	141,707	146,434
Exchange-traded products	–	36,553	51,478	16,394	6,867	111,292	–	–
Total	**1,659**	**637,786**	**1,317,812**	**1,177,016**	**1,204,910**	**4,339,183**	**141,707**	**146,434**
Net position in the balance sheet							**79,742**	**83,400**

31.12.2014	Nominal amount Residual terms						Fair value	
€m	due on demand	up to 3 months	3 months to 1 year	1 year to 5 years	more than 5 years	Total	positive	negative
Foreign-currency-based forward transactions								
OTC products	4	248,612	148,137	191,345	122,093	710,191	17,185	18,808
Foreign exchange spot and forward contracts	–	193,424	73,786	19,985	1,107	288,302	6,235	6,480
Interest rate and currency swaps	–	20,086	35,326	152,740	115,906	324,058	8,726	9,907
Currency call options	–	16,012	17,400	8,248	2,126	43,786	2,041	–
Currency put options	–	18,605	20,779	9,441	2,389	51,214	–	2,074
Other foreign exchange contracts	4	485	846	931	565	2,831	183	347
Exchange-traded products	–	483	105	35	–	623	–	–
Currency futures	–	439	10	5	–	454	–	–
Currency options	–	44	95	30	–	169	–	–
Total	**4**	**249,095**	**148,242**	**191,380**	**122,093**	**710,814**	**17,185**	**18,808**
Interest-based forward transactions								
OTC products	6	511,691	1,191,219	1,069,951	1,218,593	3,991,460	166,939	171,169
Forward rate agreements	–	118,617	657,420	4,108	–	780,145	284	261
Interest rate swaps	–	388,535	491,163	960,636	1,032,959	2,873,293	155,985	159,983
Call options on interest rate futures	–	2,012	23,915	47,485	81,598	155,010	10,272	–
Put options on interest rate futures	–	1,218	16,754	49,771	95,371	163,114	–	10,413
Other interest rate contracts	6	1,309	1,967	7,951	8,665	19,898	398	512
Exchange-traded products	–	640	32,041	2,995	3,636	39,312	–	–
Interest rate futures	–	623	23,288	2,982	2,858	29,751	–	–
Interest rate options	–	17	8,753	13	778	9,561	–	–
Total	**6**	**512,331**	**1,223,260**	**1,072,946**	**1,222,229**	**4,030,772**	**166,939**	**171,169**
Other forward transactions								
OTC products	1,796	16,435	41,652	94,191	17,108	171,182	6,021	6,615
Structured equity/index products	1,615	10,396	11,102	11,664	1,511	36,288	1,384	2,729
Equity call options	–	1,803	4,086	3,832	82	9,803	699	–
Equity put options	–	1,702	6,892	11,140	861	20,595	–	1,007
Credit derivatives	–	1,001	16,283	64,644	14,612	96,540	1,712	2,327
Precious metal contracts	1	657	1,189	1,259	–	3,106	208	365
Other transactions	180	876	2,100	1,652	42	4,850	2,018	187
Exchange-traded products	–	37,434	25,232	16,973	511	80,150	–	–
Equity futures	–	18,802	40	56	–	18,898	–	–
Equity options	–	11,889	17,414	14,442	502	44,247	–	–
Other futures	–	4,898	3,436	1,601	9	9,944	–	–
Other options	–	1,845	4,342	874	–	7,061	–	–
Total	**1,796**	**53,869**	**66,884**	**111,164**	**17,619**	**251,332**	**6,021**	**6,615**
Total pending forward transactions								
OTC products	1,806	776,738	1,381,008	1,355,487	1,357,794	4,872,833	190,145	196,592
Exchange-traded products	–	38,557	57,378	20,003	4,147	120,085	–	–
Total	**1,806**	**815,295**	**1,438,386**	**1,375,490**	**1,361,941**	**4,992,918**	**190,145**	**196,592**
Net position in the balance sheet							**93,771**	**98,256**

Breakdown of derivatives business by borrower group:

The table below shows the positive and negative fair values of the Commerzbank Group's derivative business broken down by counterparty. The Commerzbank Group conducts derivative business primarily with counterparties with excellent credit ratings. A large portion of the fair values is concentrated in banks and financial institutions based in OECD countries.

€m	31.12.2015		31.12.2014	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
OECD central governments	6,637	3,504	7,369	5,240
OECD banks	61,635	69,258	73,160	82,645
OECD financial institutions	64,877	65,609	99,619	100,699
Other entities, private individuals	7,564	4,777	8,794	4,956
Non-OECD banks	994	3,286	1,203	3,052
Total	**141,707**	**146,434**	**190,145**	**196,592**

As at the balance sheet date the outstanding volume of the Commerzbank Group's transactions as a protection buyer and seller amounted to €40,015m (previous year: €50,506m) and €36,547m (previous year: €46,034m). We employ these products, which are used to transfer credit risk, both for arbitrage purposes in trading and in the banking book for diversifying our loan portfolios. The table below shows our risk structure in terms of the various risk assets that have been hedged.

€m	31.12.2015		31.12.2014	
	Nominal values Buyer of protection	Nominal values Seller of protection	Nominal values Buyer of protection	Nominal values Seller of protection
OECD central governments	5,101	5,844	4,861	5,648
OECD banks	6,110	9,951	7,267	7,052
OECD financial institutions	8,638	2,432	3,527	3,239
Other entities, private individuals	19,020	18,041	33,807	29,775
Non-OECD banks	1,146	279	1,044	320
Total	**40,015**	**36,547**	**50,506**	**46,034**

Details of derivatives in cash flow hedge accounting:

The nominal values of derivatives used for cash flow hedging until this was ended in 2009 (see Note 73) totalled €57bn as at 31 December 2015 (previous year: €93bn). The table below shows the periods in which these are likely to expire:

€bn	31.12.2015	31.12.2014	Change in %
Up to 3 months	7	8	– 12.5
More than 3 months up to 1 year	26	28	– 7.1
More than 1 year up to 5 years	19	51	– 62.7
More than 5 years	5	6	– 16.7

Underlying hedged transactions existed in each maturity band with at least the same nominal value.

(78) Transferred financial assets

a) Assets pledged as collateral (own and third-party holdings)

Financial assets were pledged as collateral for the following financial liabilities:

€m	31.12.2015	31.12.2014	Change in %
Liabilities to banks	30,481	45,748	– 33.4
Liabilities to customers	6,518	19,662	– 66.8
Securitised liabilities	500	500	0.0
Trading liabilities	–	99	.
Other liabilities	–	–	.
Total	**37,499**	**66,009**	**– 43.2**

The following financial assets (own and third-party holdings) were pledged as collateral for the above-mentioned liabilities, which are shown after netting.

€m	31.12.2015	31.12.2014	Change in %
Claims on banks and customers	24,050	23,566	2.1
Trading assets and financial investments	32,810	55,083	– 40.4
Other assets	19	17	11.8
Total	**56,879**	**78,666**	**– 27.7**

The recipient of the collateral has the right under contract or in accordance with customary practice to sell or pledge the following financial assets of the Commerzbank Group to others:

€m	31.12.2015	31.12.2014	Change in %
Claims on banks and customers	–	–	.
Trading assets and financial investments	3,384	6,101	– 44.5
Total	**3,384**	**6,101**	**– 44.5**

Collateral was furnished to borrow funds as part of securities repurchase agreements (repos). Collateral was also furnished for funds borrowed for specific purposes and securities-lending transactions. The transactions were carried out under the standard market terms for securities lending and repurchase transactions.

b) Financial assets which have been transferred but not derecognised (own holdings)

Securities from the Bank's own holdings were pledged as collateral in securities repurchase and lending transactions. These securities were not derecognised as all the risks and opportunities connected with the ownership of these securities were retained within the Commerzbank Group. The transferred securities and associated liabilities (before netting) were as follows:

31.12.2015	Trading assets	Financial investments		
€m	Held for trading	At fair value through profit or loss	Available-for-sale financial assets	Loans and receivables
Repurchase agreements as a borrower				
Carrying amount of securities transferred	1,560	–	508	–
Carrying amount of associated liabilities	1,483	–	488	–
Securities lent in securities lending transactions				
Carrying amount of securities transferred	1,226	–	–	–
Carrying amount of associated liabilities	1,219	–	–	–
Securities transferred to central bank (without repo agreements)				
Carrying amount of securities transferred	–	–	–	–
Carrying amount of associated liabilities	–	–	–	–

31.12.2014	Trading assets	Financial investments		
€m	Held for trading	At fair value through profit or loss	Available-for-sale financial assets	Loans and receivables
Repurchase agreements as a borrower				
Carrying amount of securities transferred	3,324	–	569	–
Carrying amount of associated liabilities	3,254	–	555	–
Securities lent in securities lending transactions				
Carrying amount of securities transferred	2,133	–	–	–
Carrying amount of associated liabilities	2,005	–	–	–
Securities transferred to central bank (without repo agreements)				
Carrying amount of securities transferred	–	–	–	–
Carrying amount of associated liabilities	–	–	–	–

The fair values of transactions where the counterparty (protection buyer) only has recourse to the transferred assets were as follows:

31.12.2015 €m	Trading assets Held for trading	Financial investments At fair value through profit or loss	 Available-for-sale financial assets	 Loans and receivables
Repurchase agreements as a borrower				
Fair value of securities transferred	1,560	–	508	–
Fair value of associated liabilities	1,483	–	488	–
Net position	**77**	**–**	**20**	**–**
Securities lent in securities lending transactions				
Fair value of securities transferred	1,226	–	–	–
Fair value of associated liabilities	1,219	–	–	–
Net position	**7**	**–**	**–**	**–**
Securities transferred to central bank (without repo agreements)				
Fair value of securities transferred	–	–	–	–
Fair value of associated liabilities	–	–	–	–
Net position	**–**	**–**	**–**	**–**

31.12.2014 €m	Trading assets Held for trading	Financial investments At fair value through profit or loss	 Available-for-sale financial assets	 Loans and receivables
Repurchase agreements as a borrower				
Fair value of securities transferred	3,324	–	569	–
Fair value of associated liabilities	3,254	–	555	–
Net position	**70**	**–**	**14**	**–**
Securities lent in securities lending transactions				
Fair value of securities transferred	2,133	–	–	–
Fair value of associated liabilities	2,005	–	–	–
Net position	**128**	**–**	**–**	**–**
Securities transferred to central bank (without repo agreements)				
Fair value of securities transferred	–	–	–	–
Fair value of associated liabilities	–	–	–	–
Net position	**–**	**–**	**–**	**–**

c) Transferred and derecognised financial assets with continuing involvement

Continuing involvement exists when the contractual rights and obligations relating to the transferred asset remain within the Commerzbank Group after transferring these financial assets. Continuing involvement may also arise from the assumption of new rights and obligations in connection with the transferred assets. No significant transactions were concluded in the Commerzbank Group where the assets were derecognised in spite of continuing involvement.

(79) Maturities of assets and liabilities

The table below lists all assets and liabilities (except for positive and negative fair values of derivative financial instruments) classified by whether they are short-term or long-term. Please refer to Note 77 for the maturity breakdown of derivatives. The residual term or the time of anticipated realisation or fulfilment is defined as short-term if the period between the reporting date and the instrument's maturity date is less than one year. Financial instruments in trading assets and liabilities without contractual maturities, the cash reserve item, non-current assets and liabilities held for sale and current taxes on income are classified as short-term. By contrast, holdings in companies accounted for using the equity method, intangible assets, fixed assets, investment properties and deferred taxes are generally classified as long-term. When classifying other assets and liabilities we make an assessment for the main items. For information on how the maturities of the main types of provisions are classified, please refer to Note 68.

€m	31.12.2015		31.12.2014[1]	
	Short-term	Long-term	Short-term	Long-term
Cash reserve	28,509	–	4,897	–
Claims on banks	64,491	7,319	74,352	5,962
Claims on customers	75,582	143,293	87,868	145,509
Trading assets	30,265	7,708	29,438	11,590
Financial investments	12,001	69,938	11,355	79,003
Holdings in companies accounted for using the equity method	–	735	–	677
Intangible assets	–	3,525	–	3,330
Fixed assets	–	1,437	–	1,916
Investment properties	–	106	–	620
Non-current assets and disposal groups held for sale	846	–	421	–
Current tax assets	512	–	716	–
Deferred tax assets	–	2,836	–	3,426
Other asset items	2,600	1,196	2,494	972
Total	**214,806**	**238,093**	**211,541**	**253,005**
Liabilities to banks	59,227	23,927	74,705	25,140
Liabilities to customers	225,485	32,130	213,057	36,223
Securitised liabilities	12,935	27,670	15,217	33,594
Trading liabilities	9,407	1,042	6,809	1,453
Provisions	2,172	1,154	3,555	1,717
Current tax liabilities	401	–	316	–
Deferred tax liabilities	–	106	–	131
Liabilities from disposal groups held for sale	1,073	–	142	–
Other liability items	3,392	6,855	3,176	5,435
Subordinated debt instruments	2,161	9,697	1,310	11,048
Total	**316,253**	**102,581**	**318,287**	**114,741**

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

In the maturity breakdown, we show the residual terms of financial instruments that are subject to contractual maturities on the basis of undiscounted cash flows. Derivative liabilities are reported on the basis of their fair values in the relevant maturity range. In the case of interest rate-related derivatives, interest payments also occur in the maturity ranges before final maturity. The residual term is defined as the period between the balance sheet date and the contractual maturity date of the financial instruments. In the case of financial instruments which are paid in stages, the residual term of each payment stage has been used. The maturities of lending commitment are shown in Note 87.

31.12.2015			**Residual terms**	
€m	**up to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**more than 5 years**
Liabilities to banks	53,856	5,563	14,416	10,904
Liabilities to customers	198,279	27,936	13,969	19,780
Securitised liabilities	5,561	8,980	24,419	12,088
Trading liabilities	1,429	3,039	1,214	95
Derivatives	3,785	6,497	19,096	59,124
Subordinated debt instruments	141	2,296	5,939	7,366
Financial guarantees	2,511	–	–	–
Total	**263,051**	**54,310**	**79,053**	**109,358**

31.12.2014[1]			**Residual terms**	
€m	**up to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**more than 5 years**
Liabilities to banks	68,979	5,984	15,151	11,450
Liabilities to customers	192,716	21,061	14,414	26,587
Securitised liabilities	5,805	11,620	30,787	13,771
Trading liabilities	3,827	3,525	1,704	115
Derivatives	5,533	7,931	19,917	65,981
Subordinated debt instruments	110	1,416	7,678	8,081
Financial guarantees	2,509	-	-	-
Total	**279,479**	**51,537**	**89,651**	**125,985**

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

(80) Information on the fair value hierarchy of financial instruments

Measurement of financial instruments

Under IAS 39, all financial instruments are initially recognised at fair value; financial instruments that are not classified as at fair value through profit or loss are recognised at fair value plus certain transaction costs. Subsequently, those financial instruments that are classified as at fair value through profit or loss and available-for-sale financial assets are measured at fair value on an ongoing basis. For this purpose, at fair value through profit or loss includes derivatives, instruments held for trading and instruments designated at fair value.

Under IFRS 13, the fair value of an asset is the amount for which it could be sold between knowledgeable, willing, independent parties in an arm's length transaction. The fair value therefore represents a realisable price. The fair value of a liability is defined as the price at which the debt could be transferred to a third party as part of an orderly transaction. The fair value of a liability also reflects own credit risk. If third parties provide security for our liabilities (e.g. guarantees), this security is not taken into account in the valuation of the liability, as the Bank's repayment obligation remains the same.

The most suitable measure of fair value is the quoted price for an identical instrument in an active market (fair value hierarchy Level 1). An active market is one in which transactions in the asset or liability take place sufficiently regularly and with sufficient volume to ensure pricing data is available continuously. As a rule, therefore, quoted prices are to be used if they are available. The relevant market used to determine the fair value is generally the market with the greatest activity (main market). To reflect the price at which an asset could be exchanged or a liability settled, asset positions are valued at the bid price and liability positions are valued at the ask price.

In cases where no quoted prices are available, valuation is based on quoted prices for similar instruments in active markets. Where quoted prices are not available for identical or similar financial instruments, fair value is derived using an appropriate valuation model where the data inputs – except for non-material parameters – are obtained from verifiable market sources (fair value hierarchy Level 2). In accordance with IFRS 13, valuation methods are to be chosen that are commensurate with the situation and for which the required information is available. For the selected methods, observable input parameters are to be used to the maximum extent possible and unobservable input parameters to the least extent possible.

While most valuation techniques rely on data from observable market sources, certain financial instruments are measured using models that incorporate at least one material input for which there is insufficient recent observable market data. IFRS 13 recognises the market approach, income approach and cost approach as potential methods of measurement. The market approach relies on measurement methods that draw on information about identical or comparable assets and liabilities. The income approach reflects current expectations about future cash flows, expenses and income. The income approach may also include option price models. The cost approach (which may only be applied to non-financial instruments) defines fair value as the current replacement cost of the asset, taking into account the asset's current condition. These valuations inherently include a greater level of management judgement. These unobservable inputs may include data that is extrapolated or interpolated, or may be derived by approximation to correlated or historical data. However, such inputs maximise market or third-party inputs and rely as little as possible on company-specific inputs (fair value hierarchy Level 3).

Valuation models must be consistent with accepted economic methodologies for pricing financial instruments and must incorporate all factors that market participants would consider appropriate in setting a price. All fair values are subject to the Commerzbank Group's internal controls and procedures which set out the standards for independently verifying or validating fair values. These controls and procedures are carried out and coordinated by the Independent Price Verification (IPV) Group within the finance function. The models, inputs and resulting fair values are reviewed regularly by Senior Management and the risk function.

The fair values which can be realised at a later date can deviate from the estimated fair values.

The following summary shows how these measurement principles are applied to the key classes of financial instrument held by the Commerzbank Group:

- Listed derivatives are valued at the bid or offer price available on active markets. In some cases, theoretical prices may also be used. The fair value of OTC derivatives is determined using valuation models that are well established on the financial markets. On the one hand, models may be used that measure the expected future cash flows and discount these to determine the net present value of the financial instruments. On the other hand, alternative models may be used that determine the value at which there is no scope for arbitrage between a given instrument and other related traded instruments. For some derivatives, the valuation models used in the financial markets may differ in the way that they model the fair value and may use different input parameters or use identical input but to different degrees. These models are regularly calibrated to recent market prices.

  Input parameters for these models are derived, where possible, from observable data such as prices or indices that are published by the relevant exchange, third-party brokers or organisations that provide generally recognised prices based on data submitted by significant market participants. Where input parameters are not directly observable, they may be derived from observable data through extrapolation or interpolation, or may be approximated by reference to historical or correlated data. Input parameters for derivative valuations would typically include underlying spot or forward security prices, volatility, interest rates and exchange rates.

  The fair value of options is comprised of two parts, the intrinsic value and the time value. The factors used to determine the time value include the strike price compared to the underlying, the volatility of the underlying market, the time to expiry and the correlations between the underlying assets and underlying currencies.
- Equities, bonds and asset-backed securities (ABS) are valued using market prices from the relevant exchange, third-party brokers or organisations that provide generally recognised prices based on data submitted by significant market participants. In the absence of such prices, the price for similar quoted instruments is used and adjusted to reflect the contractual differences between the instruments. In the case of more complex securities traded in markets that are not active, the fair value is derived using a valuation model that calculates the present value of the expected future cash flows. In such cases, the input parameters reflect the credit risk associated with those cash flows. Unlisted equities are recognised at cost if it is impossible to establish either a price quotation in an active market or the relevant parameters for the valuation model.
- Structured instruments are securities that combine features of fixed income and equity securities. As opposed to traditional bonds, structured instruments generally pay out a variable return based on the performance of an underlying asset, with this return potentially being significantly higher (or lower) than the return on the underlying. In addition to the interest payments, the redemption value and maturity date of the structured debt instrument can also be affected by the derivatives embedded in the instrument. The methodology for determining the fair value of structured instruments can vary greatly as each instrument is individually customised and therefore the terms and conditions of each instrument must be considered individually. Structured instruments can provide exposure to almost any asset class, such as equities, commodities and foreign exchange, interest rate, credit and fund products.

Fair value hierarchy

Under IFRS 13, financial instruments carried at fair value are assigned to the three levels of the fair value hierarchy as follows (see measurement of financial instruments above):

Level 1: Financial instruments where the fair value is based on quoted prices for identical financial instruments in an active market;

Level 2: Financial instruments where no quoted prices are available for identical instruments in an active market and the fair value is established using valuation techniques which rely on observable market parameters;

Level 3: Financial instruments where valuation techniques are used that incorporate at least one material input for which there is insufficient observable market data and where at least this input has a more than insignificant impact on the fair value.

The allocation of certain financial instruments to the relevant level is subject to the judgement of management on a systematic basis, particularly if the valuation is based both on observable market data and unobservable market data. An instrument's classification may also change over time due to changes in market liquidity and consequently in price transparency. In the tables below the financial instruments reported in the balance sheet at fair value are grouped by balance sheet item and valuation method. They are broken down according to whether fair value is based on quoted market prices (Level 1), observable market data (Level 2) or unobservable market data (Level 3).

Financial assets | €bn		31.12.2015				31.12.2014			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Claims on banks	At fair value through profit or loss	–	22.6	–	22.6	–	27.7	–	27.7
Claims on customers	At fair value through profit or loss	–	11.0	0.4	11.4	–	18.5	0.5	19.0
Positive fair values of derivative hedging instruments	Hedge accounting	–	3.0	–	3.0	–	4.5	–	4.5
Trading assets	Held for trading	30.0	79.3	5.4	114.7	32.5	92.7	5.1	130.3
of which: positive fair values from derivatives		–	72.3	4.4	76.7	–	85.4	3.9	89.3
Financial investments	At fair value through profit or loss	1.7	0.6	0.1	2.4	2.4	–	–	2.4
	Available-for-sale financial assets	32.0	10.6	0.1	42.7	37.9	4.5	0.1	42.5
Non-current assets and disposal groups held for sale	Available-for-sale financial assets	–	–	0.1	0.1	–	–	–	–
Total		**63.7**	**127.1**	**6.0**	**196.9**	**72.8**	**147.9**	**5.7**	**226.4**

Financial liabilities | €bn		31.12.2015				31.12.2014			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Liabilities to banks	At fair value through profit or loss	–	13.6	–	13.6	–	26.6	–	26.6
Liabilities to customers	At fair value through profit or loss	–	8.8	–	8.8	–	23.1	–	23.1
Securitised liabilities	At fair value through profit or loss	1.3	–	–	1.3	1.5	–	–	1.5
Negative fair values of derivative hedging instruments	At fair value through profit or loss	–	7.4	–	7.4	–	9.4	–	9.4
Trading liabilities	Hedge accounting	9.8	73.6	3.0	86.4	7.8	86.9	2.5	97.2
of which: negative fair values from derivatives	Held for trading	–	73.1	2.9	76.0	–	86.3	2.5	88.8
Subordinated debt instruments	At fair value through profit or loss	–	–	–	–	–	–	–	–
Total		**11.1**	**103.4**	**3.0**	**117.5**	**9.3**	**146.0**	**2.5**	**157.8**

A reclassification of levels occurs where a financial instrument is reclassified from one level of the 3-level valuation hierarchy to another. A reclassification of the financial instrument may be caused by market changes which impact on the input factors used to value the financial instrument.

A number of reclassifications from Level 1 to Level 2 were carried out in the fourth quarter of 2015, as there were no listed market prices available. These involved €5.0bn. of available-for-sale bonds and €0.6bn of bonds held for trading. At the same time €0,3bn of held-for-trading securities were reclassified from Level 2 to Level 1, as quoted market prices were available again. Moreover, €0,2bn of held-for-trading financial liabilities were reclassified from Level 1 to Level 2 due to the absence of observable market parameters. The reclassifications were determined on the basis of the holdings on 30 September 2015. Apart from this, there were no other significant reclassifications between Level 1 and Level 2.

The changes in financial assets in the Level 3 category in 2015 were as follows:

Financial assets €m	Claims on customers	Trading assets	of which positive fair values from derivatives	Financial investments		Total
	At fair value through profit or loss	Held for trading	Held for trading	At fair value through profit or loss	Available-for-sale financial assets	
Fair value as at 1.1.2014	**284**	**1,813**	**775**	**25**	**59**	**2,181**
Changes in the group of consolidated companies	–	–	–	–	–	–
Gains or losses recognised in income statement during the period	– 2	194	169	–	–	192
of which unrealised gains/losses	– 2	206	180	–	–	204
Gains or losses recognised in revaluation reserve	–	–	–	–	– 1	– 1
Purchases	–	251	7	–	89	340
Sales	–	– 225	– 152	–	–	– 225
Issues	–	–	–	–	–	–
Redemptions	–	– 13	– 10	– 28	–	– 41
Reclassification to level 3	184	3,376	3,161	11	289	3,860
Reclassifications from level 3	– 15	– 249	– 31	– 6	– 312	– 582
Fair value as at 31.12.2014	**451**	**5,147**	**3,919**	**2**	**124**	**5,724**
Changes in the group of consolidated companies	–	–	–	–	–	–
Gains or losses recognised in income statement during the period	–	46	131	– 8	– 3	35
of which unrealised gains/losses	–	176	183	– 8	–	168
Gains or losses recognised in revaluation reserve	–	–	–	–	– 3	– 3
Purchases	1	48	–	50	3	102
Sales	–	– 216	– 157	–	– 282	– 498
Issues	–	–	–	–	–	–
Redemptions	–	– 130	– 59	– 33	– 17	– 180
Reclassification to level 3	–	621	586	544	318	1,483
Reclassifications from level 3	– 24	– 143	– 66	– 505	– 9	– 681
Fair value as at 31.12.2015	**428**	**5,373**	**4,354**	**50**	**131**	**5,982**

Unrealised gains or losses on financial instruments held for trading purposes (trading assets and derivatives) are included in net trading income. Unrealised gains or losses on claims and financial investments at fair value through profit or loss are recognised in the net gain or loss from applying the fair value option.

Material reclassifications from Level 2 to Level 3 were carried out in financial year 2015 due to the absence of observable market parameters. The reclassifications amounted to €0.5bn for securities at fair value through profit or loss, €0,2bn for positive fair values of derivatives and €0.1bn for available-for-sale financial instruments. Opposite reclassifications were made from Level 3 to Level 2 for €0.4bn of securities held for trading and €0.1bn of securities at fair value through profit or loss, as observable market parameters became available again. Apart from this, there were no significant reclassifications of financial assets into or out of Level 3. A material addition to Level 3 resulted from the initial recognition at fair value of an equity holding in a credit card company previously measured at amortised cost following receipt of a purchase offer. This generated unrealised profits of €97m in the year under review that are recognised in the income statement. Due to the intention to sell this investment, it was also reclassified at its fair value of €97m to non-current assets and disposal groups held for sale.

The changes in financial liabilities in the Level 3 category in 2015 were as follows:

Financial liabilities €m	**Trading liabilities** **Held for trading**	**of which negative fair values from derivatives** **Held for trading**	**Total**
Fair value as at 1.1.2014	**633**	**528**	**633**
Changes in the group of consolidated companies	–	–	–
Gains or losses recognised in income statement during the period	28	28	28
of which unrealised gains/losses	– 2	– 2	– 2
Purchases	45	45	45
Sales	– 7	–	– 7
Issues	–	–	–
Redemptions	– 17	– 17	– 17
Reclassification to level 3	2,088	2,030	2,088
Reclassifications from level 3	– 235	– 81	– 235
Fair value as at 31.12.2014	**2,535**	**2,533**	**2,535**
Changes in the group of consolidated companies	–	–	–
Gains or losses recognised in income statement during the period	79	79	79
of which unrealised gains/losses	86	86	86
Purchases	38	38	38
Sales	– 10	– 9	– 10
Issues	–	–	–
Redemptions	– 76	– 76	– 76
Reclassification to level 3	666	644	666
Reclassifications from level 3	– 282	– 278	– 282
Fair value as at 31.12.2015	**2,950**	**2,931**	**2,950**

Unrealised gains or losses on financial instruments held for trading purposes (trading liabilities and derivatives) are included in net trading income.

€0.1bn each of negative fair values of derivatives and financial liabilities held for trading were reclassified from Level 2 to Level 3 in 2015, as observable data was no longer available on the market. Apart from this, there were no significant reclassifications of financial liabilities into or out of Level 3.

Sensitivity analysis

Where the value of financial instruments is based on unobservable input parameters (Level 3), the precise level of these parameters at the balance sheet date may be derived from a range of reasonable possible alternatives at the discretion of management. In preparing the Group financial statements, appropriate levels for these unobservable input parameters are chosen which are consistent with existing market evidence and in line with the Group's valuation control approach.

The purpose of this disclosure is to illustrate the potential impact of the relative uncertainty in the fair values of financial instruments with valuations based on unobservable input parameters (Level 3). Interdependencies frequently exist between the parameters used to determine Level 3 fair values. For example, an anticipated improvement in the overall economic situation may cause share prices to rise, while securities perceived as being lower risk, such as German Government Bonds, may lose value. Such interdependencies are accounted for by means of correlation parameters insofar as they have a significant effect on the fair values in question. If a valuation model uses several parameters, the choice of one parameter may restrict the range of possible values the other parameters may take. So, by definition, this category will contain more illiquid instruments, instruments with longer-term maturities and instruments where sufficient independent observable market data is difficult to obtain. The purpose of this information is to illustrate the main unobservable input parameters for Level 3 financial instruments and subsequently present various inputs on which the key input parameters were based.

The main unobservable input parameters for Level 3 and the key related factors may be summarised as follows:

- Internal rate of return (IRR):
  The IRR is defined as the discount rate that sets the net present value of all cash flows from an instrument equal to zero. For bonds, the IRR depends, for example, upon the current bond price, the nominal value and the duration.
- Equity correlation:
  Correlation is a measure of how two instruments move in relation to each other. Correlation is expressed as the correlation coefficient, which ranges between −1 and +1.

  Many popular equity derivative products involve several underlying reference assets (equity basket correlation). The performance is determined by taking the average of the baskets; locking in at certain time intervals the best (or worst) performers; or picking the best (or worst) performer at maturity.

  Basket products such as index baskets may have their performance linked to a number of indices. The inputs used to price these include the interest rate, index volatility, index dividend and the correlations between the indices. The correlation coefficients are typically provided by independent data providers. For correlated paths the average basket value can then be estimated by a large number of samples (Monte Carlo simulation).

  A quanto (quantity adjusting option) swap is a swap with varying combinations of interest rate, currency and equity swap features, where the yield spread is based on the movement of two different countries' interest rates. Payments are settled in the same currency.

  The inputs needed to value an equity quanto swap are the correlation between the underlying index and the FX forward rate, the volatility of the underlying index, the volatility of the FX forward rate and maturity.
- Credit spread:
  The credit spread is the yield spread (premium or discount) between securities that are identical in all respects except for their respective credit quality. The credit spread represents the excess yield above the benchmark reference instrument that compensates for the difference in creditworthiness between the instrument and the benchmark. Credit spreads are quoted in terms of the number of basis points above (or below) the quoted benchmark. The wider (higher) the credit spread in relation to the benchmark, the lower the instrument's creditworthiness, and vice versa for narrower (lower) credit spreads.
- Discount yield:
  Discount yield is a measure of a bond's percentage return. Discount yield is most frequently used to calculate the yield on short-term bonds and treasury bills sold at a discount. This yield calculation uses the convention of a 30-day month and 360-day year. The inputs required to determine the discount yield are the par value, purchase price and the number of days to maturity.
- Credit correlation:
  Credit derivative products such as collateralised debt obligations (CDOs), CDS indices, such as iTraxx and CDX, and First-to-default (FTD) basket swaps all derive their value from an underlying portfolio of credit exposures.

  Correlation is a key determinant in the pricing of FTD swaps. Default correlation assumptions can have a significant impact on the distribution of losses experienced by a credit portfolio. It is the loss distribution that captures the default characteristics of a portfolio of credits and ultimately determines the pricing of the FTD swaps.

At low correlation, the assets are virtually independent. In the case of an extremely low expected standard correlation, the distribution is almost symmetrical. There is a high probability of experiencing a few losses but almost no probability of experiencing a very large number of losses. Also the probability of experiencing zero losses is low. With a medium expected standard correlation, the distribution becomes more "skewed". There is thus a higher probability of experiencing no defaults, but also a higher probability of experiencing a large number of losses. As a result, there is a greater likelihood of assets defaulting together. The tail of the portfolio loss distribution is pushed out, with more of the risk therefore in the senior tranche.

At a high correlation, the portfolio virtually behaves like a single asset, which either does or does not default.

- Mean reversion of interest rates:
This is a theory suggesting that prices and returns eventually move back towards the mean or average. This mean or average can be the historical average of a price or yield or another relevant average such as average economic growth or the average return of an industry.

A single-factor interest rate model used to price derivatives is the Hull-White model. This assumes that short rates have a normal distribution and are subject to mean reversion. Volatility is likely to be low when short rates are near zero, which is reflected in a larger mean reversion in the model. The Hull-White model is an extension of the Vasicek and Cox-Ingersoll-Ross (CIR) models.

- Interest rate-forex (IR-FX) correlation:
The IR-FX correlation is relevant for the pricing of exotic interest rate swaps involving the exchange of funding payments in one currency and an exotic structured leg that is usually based on the development of two government bond yields in different currencies.

Data vendors provide a service for quanto swaps as well as for CMS quanto spread options in the same currency pairs. We participate in these services and receive consensus mid prices for these, together with spreads and standard deviations of the distribution of prices provided by all participants.

The model parameters required as inputs include, for example, rate/rate (Dom-For currency) and rate/FX (Dom-FX and For-FX) correlations. These are not directly observable on the market, but can be derived from consensus prices then used to price these transactions.

For the calculation of the correlation sensitivities, the different types of correlations (rate/rate and rate/FX) are shifted one after the other and the exotics interest rate swaps portfolio is revalued each time. The calculated price differences to the respective basis prices determine the sensitivity values for each correlation type. These calculations are done for the various currency pairs.

- Recovery rates, survival and default probabilities:
Supply and demand as well as the arbitrage relationship with asset swaps tends to be the dominant factor driving pricing of credit default swaps. Models for pricing default swaps tend to be used more for exotic structures and off-market default swap valuation for which fixed interest payments above or below the market rate are agreed. These models calculate the implied default probability of the reference asset as a means of discounting the cash flows in a default swap. The model inputs are credit spreads and recovery rates The model inputs are credit spreads and recovery rates that are used to interpolate ("bootstrap") a time series of survival probabilities of the reference asset. A typical recovery rate assumption in the default swap market for senior unsecured contracts is 40%.

Assumptions about recovery rates will be a factor determining the shape of the survival probability curve. Different recovery rate assumptions translate into different survival probability rates. For a given credit spread, a high recovery assumption implies a higher probability of default (relative to a low recovery assumption) and hence a lower survival probability.

There is a relationship over time between default rates and recovery rates of corporate bond issuers. In particular, there is an inverse correlation between the two: an increase in the default rate (defined as the percentage of issuers defaulting) is generally associated with a decline in the average recovery rate.

In practice, market participants use market spreads to determine implied default probabilities. Estimates of default probabilities also depend on the joint loss distributions of the parties involved in a credit derivative transaction. The copula function is used to measure the correlation structure between two or more variables. The copula function creates a joint distribution while keeping the characteristics of the two independent marginal distributions.

The following ranges for the material unobservable parameters were used in the valuation of our Level 3 financial instruments:

€m		2015			2015	
	Valuation technique	Assets	Liabilities	Significant unobservable input parameters	Range	
Derivatives		**4,481**	**2,948**			
Equity-related transactions	Discounted cash flow model	173	76	IRR (%)	1	4
	Discounted cash flow model	126	–	Price (%)	90	110
Credit derivatives	Discounted cash flow model	4,158	2,688	Credit spread (bps)	100	500
				Recovery rate (%)	40	80
Interest-rate-related transactions	Option pricing model	24	184	IR-FX correlation (%)	– 39	48
Other transactions		–	–			
Securities		**1,454**	**2**			
Interest-rate-related transactions	Discounted cash flow model	1,454	2	Credit spread (bps)	100	500
of which ABS	Discounted cash flow model	1,402	– 1	Credit spread (bps)	100	500
Equity-related transactions		–	–			
Loans	Price based	**47**	**–**	Price (%)	90	110
Total		**5,982**	**2,950**			

The table below shows the impact on the income statement of reasonable parameter estimates on the edges of these ranges for instruments in the fair value hierarchy Level 3. This sensitivity analysis for financial instruments in fair value hierarchy 3 is broken down by type of instrument:

€m	2015		
	Positive effects on income statement	Negative effects on income statement	Changed parameters
Derivatives	**79**	**– 79**	
Equity-related transactions	32	– 30	IRR, price based
Credit derivatives	34	– 37	Credit spread, recovery rate
Interest-rate-related transactions	13	– 12	Correlation
Other transactions	–	–	
Securities	**30**	**– 15**	
Interest-rate-related transactions	30	– 15	Price
of which ABS	24	– 10	Discount yield, recovery rate, credit spread
Equity-related transactions	–	–	
Loans	5	– 5	Price

The selected parameters lie at the extremes of their range of reasonable possible alternatives. In practice, however, it is unlikely that all unobservable parameters would simultaneously lie at the extremes of this range. Consequently, the estimates provided are likely to exceed the actual uncertainty in the fair values of these instruments. The purpose of these figures is not to estimate or predict future changes in fair value. The unobservable parameters were either shifted by between 1 and 10% as deemed appropriate by our independent valuation experts for each type of instrument or a measure of standard deviation was applied.

Day-One Profit or Loss

The Commerzbank Group has entered into transactions where the fair value was calculated using a valuation model, where not all material input parameters are observable in the market. The initial carrying value of such transactions is the transaction price. The difference between the transaction price and the fair value under the model is termed the "day one profit or loss". The day one profit or loss is not recognised immediately in the income statement but pro rata over the term of the transaction. As soon as there is a quoted market price on an active market for such transactions or all material input parameters become observable, the accrued day one profit or loss is immediately recognised in net trading income. A cumulated difference between transaction price and model valuation is calculated for the Level 3 items in all categories. Material impacts only result from financial instruments held for trading; the development was as follows:

€m	Day one profit or loss		
	Trading assets	Trading liabilities	Total
Balance as at 1.1.2014	**–**	**1**	**1**
Allocations not recognised in income statement	–	–	–
Reversals recognised in income statement	–	–	–
Balance as at 31.12.2014	**–**	**1**	**1**
Allocations not recognised in income statement	–	4	4
Reversals recognised in income statement	–	–	–
Balance as at 31.12.2015	**–**	**5**	**5**

(81) Fair value of financial instruments

Determination of fair value

This note provides more information on the fair values of financial instruments which are not recognised at fair value in the balance sheet. Their fair value must be disclosed in accordance with IFRS 7. For the financial instruments reported in the balance sheet at fair value, the accounting methodology is set out in the accounting and measurement policies (Notes 2 to 30) and in the sections "Measurement of financial instruments" and "Fair value hierarchy" in Note 80.

The nominal value of financial instruments that fall due on a daily basis is taken as their fair value. These instruments include the cash reserve as well as overdrafts and demand deposits in the "Claims on banks and customers" or "Liabilities to banks and customers" items. We allocate these to Level 2.

Market prices are not available for loans as there are no organised markets for trading these financial instruments. The discounted cash flow model is used for loans with parameters based on a risk-free yield curve (swap curve) plus credit spreads and maturity-based premiums to cover funding spreads, plus fixed premiums for administrative expenses and the cost of capital. Data on the credit spreads of major banks and corporate customers is available, making it possible to classify them as Level 2. If no observable input parameters are available, it may also be appropriate to classify the fair value of loans as Level 3.

In the case of reclassified securities contained in the IAS 39 loans and receivables category the fair value is determined on the basis of available market prices insofar as an active market once again exists (Level 1). If there is no active market, recognised valuation methods are to be used to determine the fair values. In general, an asset swap pricing model is used for valuation. The parameters applied comprise yield curves and the asset swap spreads of comparable benchmark instruments. Depending on the input parameters used (observable or not observable), classification is made at Level 2 or Level 3.

For liabilities to banks and customers, a discounted cash flow model is generally used for determining fair value, since market data is usually not available. In addition to the yield curve, own credit spread and a premium for operating expenses are also taken into account. Since credit spreads of the respective counterparties are not used in the measurement of liabilities, they are usually classified as Level 2. In the case of non-observable input parameters, classification at Level 3 may also be appropriate.

The fair value of securitised liabilities and subordinated debt instruments is determined on the basis of available market prices. If no prices are available, the discounted cash flow model is used to determine the fair values. A number of different factors, including current market interest rates, the own credit spread and capital costs, are taken into account in determining fair value.

If available market prices are applied to securitised liabilities and subordinated debt instruments, they are to be classified in Level 1. Otherwise, classification at Level 2 normally applies, since valuation models rely to a high degree on observable input parameters.

The tables below compares the fair values of the balance sheet items with their carrying amounts:

	Fair value		Carrying amount		Difference	
Assets | €bn	**31.12.2015**	**31.12.2014**[1]	**31.12.2015**	**31.12.2014**[1]	**31.12.2015**	**31.12.2014**[1]
Cash reserve	28.5	4.9	28.5	4.9	–	–
Claims on banks	71.8	80.3	71.8	80.3	–	–
Reverse repos and cash collaterals	43.8	48.2	43.8	48.2		
Claims from money market transactions	0.8	1.4	0.8	1.4		
Promissory note loans	1.2	3.0	1.2	3.0	–	–
Other claims	26.2	27.8	26.2	27.8	–	–
Loan loss provisions	–0.1	–0.1	–0.1	–0.1		
Claims on customers	219.3	236.2	218.9	233.4	0.4	2.8
Reverse repos and cash collaterals	15.0	23.0	15.0	23.0		
Claims from money market transactions	0.5	0.3	0.5	0.3		
Promissory note loans	13.5	18.0	14.2	18.8	–0.7	–0.8
Construction and ship financing	93.8	100.8	94.0	100.5	–0.2	0.3
Other claims	100.4	99.8	99.1	96.5	1.3	3.3
Loan loss provisions	–3.9	–5.7	–3.9	–5.7		
Value adjustment on portfolio fair value hedges[2]	–	–	0.3	0.4	–0.3	–0.4
Positive fair values of derivative hedging instruments	3.0	4.5	3.0	4.5	–	–
Trading assets	114.7	130.3	114.7	130.3	–	–
Financial investments	79.2	87.3	81.9	90.4	–2.7	–3.1
Loans and receivables	33.8	42.1	36.5	45.2	–2.7	–3.1
Available for sale[3]	43.0	42.8	43.0	42.8		
At fair value through profit or loss	2.4	2.4	2.4	2.4		
Non-current assets and disposal groups held for sale	0.5	0.2	0.5	0.2	–	–

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).
[2] The fair value adjustments on portfolio fair value hedges are contained in the relevant balance sheet line items for the hedged items.
[3] Including unlisted equity holdings.

	Fair value		Carrying amount		Difference	
Liabilities | €bn	31.12.2015	31.12.2014[1]	31.12.2015	31.12.2014[1]	31.12.2015	31.12.2014[1]
Liabilities to banks	83.2	99.8	83.2	99.8	–	–
Repos and cash collaterals	18.1	33.6	18.1	33.6		
Liabilities from money market transactions	21.8	21.1	21.8	21.1		
Other liabilities	43.3	45.1	43.3	45.1	–	–
Liabilities to customers	258.0	249.8	257.6	249.3	0.4	0.5
Repos and cash collaterals	8.5	20.2	8.5	20.2		
Liabilities from money market transactions	57.0	46.5	57.0	46.5		
Other liabilities	192.6	183.1	192.2	182.6	0.4	0.5
Securitised liabilities	42.8	52.0	40.6	48.8	2.2	3.2
Measured at amortised cost	41.5	50.5	39.3	47.3	2.2	3.2
At fair value through profit or loss	1.3	1.5	1.3	1.5		
Value adjustment on portfolio fair value hedges[2]	–	–	1.1	1.3	– 1.1	– 1.3
Negative fair values of derivative hedging instruments	7.4	9.4	7.4	9.4	–	–
Trading liabilities	86.4	97.2	86.4	97.2	–	–
Liabilities from disposal groups held for sale	1.1	0.1	1.1	0.1	–	–
Subordinated debt instruments	12.6	13.1	11.9	12.4	0.7	0.7

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).
[2] The fair value adjustments on portfolio fair value hedges are contained in the relevant balance sheet line items for the hedged items.

The fair values shown above as at 31 December 2015 were distributed along the fair value hierarchy (Levels 1, 2 and 3) as follows:

€bn	31.12.2015				31.12.2014[1]			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Cash reserve	–	28.5	–	28.5	–	4.9	–	4.9
Claims on banks	–	70.4	1.4	71.8	–	78.4	1.9	80.3
Claims on customers	–	31.7	187.6	219.3	–	39.0	197.2	236.2
Value adjustment on portfolio fair value hedges	–	–	–	–	–	–	–	–
Positive fair values of derivative hedging instruments	–	3.0	–	3.0	–	4.5	–	4.5
Trading assets	30.0	79.3	5.4	114.7	32.5	92.7	5.1	130.3
Financial investments	34.8	17.2	27.2	79.2	41.4	16.8	29.1	87.3
Non-current assets and disposal groups held for sale	0.1	0.3	0.1	0.5	0.1	0.1	–	0.2
Liabilities								
Liabilities to banks	–	83.0	0.2	83.2	–	99.4	0.4	99.8
Liabilities to customers	–	256.3	1.7	258.0	–	249.8	–	249.8
Securitised liabilities	7.6	31.2	4.0	42.8	13.0	39.0	–	52.0
Value adjustment on portfolio fair value hedges	–	–	–	–	–	–	–	–
Negative fair values of derivative hedging instruments	–	7.4	–	7.4	–	9.4	–	9.4
Trading liabilities	9.8	73.6	3.0	86.4	7.8	86.9	2.5	97.2
Liabilities from disposal groups held for sale	–	1.1	–	1.1	–	0.1	–	0.1
Subordinated debt instruments	0.1	12.5	–	12.6	0.1	13.0	–	13.1

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

(82) Information on financial assets and financial liabilities for which the fair value option is applied

In the Commerzbank Group, the fair value option is primarily used to avoid accounting mismatches arising from securities and loans hedged with interest rate or credit derivatives. This also applies to structured debt instruments we have issued which have been hedged with interest rate or foreign currency derivatives.

The fair value option is also used for transactions which are managed on a fair value basis and whose performance is measured on this basis, for example certain repurchase agreements, money market transactions and cash collaterals paid and received.

All in all, the results of applying the fair value option amounted to €–39m (previous year: €–129m) (see Note 34).

Applying the fair value option in order to avoid accounting mismatches and for financial instruments with embedded derivatives produced the following values as broken down by balance sheet item:

€m	31.12.2015	31.12.2014	Change in %
Claims on banks	–	–	.
Claims on customers	462	453	2.0
Financial investments	2,409	2,428	– 0.8
Total assets	**2,871**	**2,881**	**– 0.3**
Liabilities to banks	21	24	– 12.5
Liabilities to customers	1,364	1,485	– 8.1
Securitised liabilities	1,325	1,467	– 9.7
Subordinated debt instruments	12	8	.
Total liabilities	**2,722**	**2,984**	**– 8.8**

Of the total claims of €462m measured at fair value, €122m (previous year: €130m) were hedged by credit derivatives. In the year under review, the change in the fair value of claims attributable to changes in default risk was €19m (previous year: €16m) and amounted cumulatively to € –92m (previous year: –111m).

The change in the fair value of the related risk-limiting credit derivatives amounted to €–11m in the 2015 financial year (previous year: €–6m) and amounted cumulatively to €1m (previous year: €12m).

For liabilities to which the fair value option was applied, the change in fair value in 2015 for credit risk reasons was €– 71m (previous year: €56m). The cumulative change was €–45m (previous year: €26m). The repayment amount of financial liabilities at fair value through profit or loss was €2,805m (previous year: €2,898m).

The credit risk-specific changes in the fair value of the claims and liabilities were primarily calculated as changes in fair values less value changes resulting from market conditions.

The fair value option was also used for financial instruments if they are managed in line with our risk and liquidity management and their performance is measured on a fair value basis. This applied chiefly to repurchase agreements, money market transactions and cash collaterals paid and received. The following balance sheet items were affected:

€m	31.12.2015	31.12.2014[1]	Change in %
Claims on banks	22,620	27,680	– 18.3
Claims on customers	10,925	18,512	– 41.0
Financial investments	18	20	– 10.0
Total assets	**33,563**	**46,212**	**– 27.4**
Liabilities to banks	13,538	26,523	– 49.0
Liabilities to customers	7,448	21,586	– 65.5
Securitised liabilities	–	–	.
Subordinated debt instruments	–	–	.
Total liabilities	**20,986**	**48,109**	**– 56.4**

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.)

There were no significant changes in the fair values of assets and liabilities arising from default risk, since these consisted of short-term money market transactions and collaterals in securities lending business. Furthermore, for €26,598m of financial assets at fair value through profit or loss (reverse repos after netting; previous year: €36,497m), we received €26,671m (previous year: €39,364m) of securities as collateral to reduce counterparty risk.

The repayment amount of financial liabilities at fair value through profit or loss was €20,989m (previous year[1]: €48,119m).

(83) Information on netting of financial instruments

The table below shows the reconciliation of amounts before and after netting, as well as the amounts of existing netting rights which do not satisfy the netting criteria, separately for all recognised financial assets and liabilities which

- are already netted in accordance with IAS 32.42 (financial instruments I) and
- are subject to an enforceable, bilateral master netting agreement or a similar agreement but are not netted in the balance sheet (financial instruments II).

For the netting agreements we conclude master agreements with our counterparties (such as 1992 ISDA Master Agreement Multi-Currency Cross-Border; German Master Agreement for Financial Futures). By means of such netting agreements, the positive and negative fair values of the derivatives contracts included under a master agreement can be offset against one another. This netting process reduces the credit risk to a single net claim on the party to the contract (close-out-netting).

We apply netting to receivables and liabilities from repurchase agreements (reverse repos and repos) and to positive and negative fair values of derivatives. The balance sheet netting pertains to transactions with central counterparties.

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

Assets | €m	**31.12.2015**		**31.12.2014**	
	Reverse repos	**Positive fair values of derivative financial instruments**	**Reverse repos**	**Positive fair values of derivative financial instruments**
Gross amount of financial instruments	45,049	141,707	52,874	190,145
Book values not eligible for netting	3,830	7,784	5,588	8,430
a) Gross amount of financial instruments I and II	41,219	133,923	47,286	181,715
b) Amount netted in the balance sheet for financial instruments I[1]	12,992	61,965	15,036	96,374
c) Net amount of financial instruments I and II = a) – b)	28,227	71,958	32,250	85,341
d) Master agreements not already accounted for in b)				
Amount of financial instruments II which do not fulfil or only partially fulfil the criteria under IAS 32.42[2]	783	52,479	1,793	63,067
Fair value of financial collaterals relating to financial instruments I and II not already accounted for in b)[3]				
Non-cash collaterals[4]	20,663	1,618	15,950	2,043
Cash collaterals	65	11,338	16	10,738
e) Net amount of financial instruments I and II = c) – d)	6,716	6,523	14,491	9,493
f) Fair value of financial collaterals of central counterparties relating to financial instruments I	4,718	101	14,479	664
g) Net amount of financial instruments I and II = e) – f)	1,998	6,422	12	8,829

[1] Of which for positive fair values €631m (previous year: 581m) is attributable to margins.
[2] Lesser amount of assets and liabilities.
[3] Excluding rights or obligations to return arising from the transfer of securities.
[4] Including financial instruments not reported on the balance sheet (e.g. securities provided as collateral in repo transactions).

Liabilities and equity | €m	**31.12.2015**		**31.12.2014**	
	Repos	**Negative fair values of derivative financial instruments**	**Repos**	**Negative fair values of derivative financial instruments**
Gross amount of financial instruments	21,515	146,434	49,883	196,592
Book values not eligible for netting	265	5,690	1,123	6,284
a) Gross amount of financial instruments I and II	21,250	140,744	48,760	190,308
b) Amount netted in the balance sheet for financial instruments I[1]	12,991	63,034	15,036	98,336
c) Net amount of financial instruments I and II = a) – b)	8,259	77,710	33,724	91,972
d) Master agreements not already accounted for in b)				
Amount of financial instruments II which do not fulfil or only partially fulfil the criteria under IAS 32.42[2]	783	52,479	1,793	63,067
Fair value of financial collaterals relating to financial instruments I and II not already accounted for in b)[3]				
Non-cash collaterals[4]	7,196	2,566	17,804	2,165
Cash collaterals	17	18,884	3	22,058
e) Net amount of financial instruments I and II = c) – d)	263	3,781	14,124	4,682
f) Fair value of financial collaterals of central counterparties relating to financial instruments I	236	101	14,072	664
g) Net amount of financial instruments I and II = e) – f)	27	3,680	52	4,018

[1] Of which for negative fair values €1,701m (previous year: €2,543m) is attributable to margins.
[2] Lesser amount of assets and liabilities.
[3] Excluding rights or obligations to return arising from the transfer of securities.
[4] Including financial instruments not reported on the balance sheet (e.g. securities provided as collateral in repo transactions).

Other notes

(84) Concentration of credit risk

Concentrations of credit risk may arise through business relations with individual borrowers or groups of borrowers which share a number of features and which are individually able to service debt and are influenced to the same extent by changes in certain overall economic conditions. Besides obtaining collateral and applying a uniform lending policy, the Bank has entered into a number of master netting agreements to minimise credit risks. These give the Bank the right to net claims on and liabilities to a customer in the event of the default or insolvency of that customer. The carrying values of credit risks relating to claims on customers were as follows:

	Claims	
€m	31.12.2015	31.12.2014[1]
Customers in Germany	**143,904**	**152,745**
Corporate customers	61,369	67,235
Manufacturing	23,881	24,878
Construction	819	984
Trading	8,509	8,938
Services and others	28,160	32,435
Public sector	15,444	21,321
Private Customers	67,091	64,189
Customers outside Germany	**78,833**	**86,295**
Corporate and retail customers	72,155	78,672
Public sector	6,678	7,623
Sub-total	**222,737**	**239,040**
Less valuation allowances	– 3,862	– 5,663
Total	**218,875**	**233,377**

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

The carrying values of credit risks relating to contingent liabilities and irrevocable lending commitments were as follows:

	Contingent liabilities, irrevocable lending commitments	
€m	31.12.2015	31.12.2014[1]
Customers and banks in Germany	**45,238**	**42,140**
Banks	1,047	860
Corporate customers	38,014	36,334
Manufacturing	18,691	22,335
Construction	2,026	1,490
Trading	4,226	3,698
Services and others	13,071	8,811
Public sector	103	121
Private Customers	6,074	4,825
Customers and banks outside Germany	**64,338**	**55,193**
Banks	9,109	11,170
Corporate and retail customers	55,126	43,964
Public sector	103	59
Sub-total	**109,576**	**97,333**
Less provisions	– 204	– 193
Total	**109,372**	**97,140**

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

The book values of credit risk concentrations in loans and receivables, contingent liabilities and irrevocable lending commitments listed above do not form the basis for the internal management of credit risk, as credit risk management also takes account of collateral, probabilities of default and other economic factors. To this extent these amounts are therefore not representative of the Bank's assessment of its actual credit risk.

(85) Maximum credit risk

The maximum credit risk exposure in accordance with IFRS 7 – excluding collateral or other credit enhancements – is equal to the carrying amount of the relevant assets in each class, or the nominal value in the case of irrevocable lending commitments and contingent liabilities. The table below shows the carrying amounts or nominal values of financial instruments with a potential default risk:

Maximum credit risk | €m	31.12.2015	31.12.2014[1]	Change in %
Bonds, notes and other interest-rate-related securities under	91,032	104,237	– 12.7
Trading assets	10,234	15,161	– 32.5
Financial investments	80,798	89,076	– 9.3
Claims on banks	71,810	80,314	– 10.6
Claims on customers	218,875	233,377	– 6.2
Positive fair values of derivative financial instruments	79,742	93,771	– 15.0
Trading assets	76,711	89,315	– 14.1
Hedging instruments under IAS 39	3,031	4,456	– 32.0
Other trading assets	1,329	931	42.7
Irrevocable lending commitments	72,213	59,993	20.4
Financial guarantees	2,511	2,508	0.1

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

The maximum credit risk exposures listed above do not form the basis for the management of credit risk internally, as credit risk management also takes account of collateral, probabilities of default and other economic factors (see the section on default risks in the Group Risk Report). These amounts are therefore not representative of the Bank's assessment of its actual credit risk.

(86) Subordinated assets

The following subordinated assets were included in the assets shown in the balance sheet:

€m	31.12.2015	31.12.2014	Change in %
Claims on banks	–	1	– 100.0
Claims on customers	611	406	50.5
Trading assets	285	190	50.0
Financial investments	12	47	– 74.5
Total	**908**	**644**	**41.0**
of which in banks in which an equity holding exists	–	–	.

Assets are considered to be subordinated if the claims they represent may not be met until after those of other creditors in the event of the liquidation or insolvency of the issuer.

(87) Contingent liabilities and irrevocable lending commitments

The Commerzbank Group extends credit facilities to its customers, granting them rapid access to funds to meet their short-term and long-term financing needs. The credit facilities can be presented in different forms, as shown in the following examples:

- Guarantees, where the Group guarantees the repayment of a loan borrowed by a customer from another party;
- Standby letters of credit, which enhance a customer's credit standing and enable the customer to obtain trade finance at a lower cost;
- Documentary credits for trade finance payments, which are made on behalf of a customer and where the Group is reimbursed at a later date;
- Stand-by-facilities for short-term debt instruments and debt paper issued on a revolving basis, which enable customers to issue money market paper or medium-term debt instruments when needed without having to go through the normal issue procedure every time.

Customers' total exposure under loans and guarantees may be secured by any available collateral. In addition third parties may have sub-participations in irrevocable lending commitments and acceptances.

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

The figures listed in the table below do not take account of any collateral and would only have to be written off if all customers utilised their facilities completely and then defaulted (and there was no collateral). In practice the majority of these facilities expire without ever being utilised. As a result these amounts are unrepresentative in terms of assessing risk, the actual future loan exposure or resulting liquidity requirements. The Group Risk Report contains further information on credit risk and liquidity risk and how they are monitored and managed.

€m	31.12.2015	31.12.2014[1]	Change in %
Contingent liabilities	**37,159**	**37,147**	**0.0**
from rediscounted bills of exchange credited to borrowers	7	7	0.0
from guarantees and indemnity agreements	37,108	37,069	0.1
Financial guarantees (credit guarantees)	2,511	2,508	0.1
Other guarantees	27,834	26,027	6.9
Letters of credit	6,763	8,128	– 16.8
Guarantees for ABS securitisations	–	–	.
Other warranties	–	406	– 100.0
Other commitments	44	71	– 38.0
Irrevocable lending commitments	**72,213**	**59,993**	**20.4**
Book credits to banks	1,351	992	36.2
Book credits to customers	68,626	57,261	19.8
Acceptance credits	1,922	1,452	32.4
Letters of credit	314	288	9.0
Total	**109,372**	**97,140**	**12.6**

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

The maturities of contingent liabilities and irrevocable lending commitments were as follows:

€m	31.12.2015		31.12.2014[1]		Change in %
	Contingent liabilities	Irrevocable lending commitments	Contingent liabilities	Irrevocable lending commitments	
Due on demand	590	273	317	482	8.0
Up to 3 months	19,275	11,767	21,119	9,676	0.8
More than 3 months up to 1 year	9,054	15,084	8,483	12,539	14.8
More than 1 year up to 5 years	6,851	42,995	6,074	35,990	18.5
More than 5 years	1,389	2,094	1,154	1,306	41.6
Total	**37,159**	**72,213**	**37,147**	**59,993**	**12.6**

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

Loan loss provisions for off balance-sheet commitments have been deducted from the respective items in these tables.

In addition to the credit facilities listed above, the Commerzbank Group can also sustain losses from legal risks where the occurrence of a loss may not be probable, but is not improbable either, and for which no provisions have been recognised. A reliable assessment either of the date on which the risk will materialise or of potential reimbursements is impossible. Depending on the outcome of the legal proceedings, the estimate of our risk of loss may be either too low or too high. However, in a large majority of cases the contingent liabilities for legal risks do not materialise and therefore the amounts are not representative of the actual future losses. As at 31 December 2015 the contingent liability for legal risks amounted to €507m (previous year: €992m) and related to the following material issues:

- Several actions have been taken against a subsidiary of Commerzbank by customers of a former, now bankrupt, corporate customer which held its bank accounts with the subsidiary. The aim of the action is to obtain claims for damages from the subsidiary for allegedly assisting the management of the bankrupt corporate customer in its fraudulent dealings in relation to the management of its accounts. The Bank believes the claims are unfounded.
- During the bankruptcy proceedings of a former customer, Commerzbank has been sued together with the customer's managing directors and other persons and companies on the basis of joint and several liability for alleged fraudulent bankruptcy. The action was rejected in the court of first instance insofar as it affected Commerzbank. The court ruled that although the bankruptcy could be regarded as fraudulent in accounting terms, there was no fraud in relation to the financing transactions. The claimants are appealing this decision.
- Following the sale of the stake in the Public Joint-Stock Company "Bank Forum", Kiev, Ukraine (Bank Forum) in 2012, the purchasers raised claims under the contract of sale alleging that the contract of sale was invalid as a result of fraud. The parties are currently engaged in arbitration on the basis of the arbitration clauses in the contract. The purchasers are demanding that the contract of sale should be declared invalid, the sale reversed and the instalments paid towards the purchase price reimbursed, together with compensation for the losses they have sustained. Commerzbank rejects these demands and has lodged claims against the purchasers for the payment of the remainder of the purchase price and against the guarantor of the purchase price under the guarantee. The arbitration proceedings are ongoing.
- The Commerzbank Group held an equity holding in a company which was sold by way of a leveraged buyout. During the insolvency proceedings of this company a number of lawsuits were taken against the Commerzbank Group for repayment of the proceeds it received for the sale of its stake. Two of these suits have been rejected but are currently going through the appeals process.

(88) Repurchase agreements (repo and reverse repo transactions), securities lending and cash collaterals

Under its repurchase agreements, the Commerzbank Group sells or purchases securities with the obligation to repurchase or return them. The money received from repurchase agreements where we are the borrower (i.e. where we are under an obligation to take the securities back) is shown in the balance sheet as a liability to banks or customers. The securities delivered to the lender continue to be reported in the balance sheet in accordance with their relevant category. As lender the Commerzbank Group recognises a claim on the borrower equal to the cash collateral it has paid out. We hold the securities, which are the collateral for the transaction, in custody.

Securities lending transactions are conducted with other banks and customers in order to cover our need to meet delivery commitments or to enable us to effect securities repurchase agreements in the money market. We show lent securities in our balance sheet under our trading portfolio or under financial investments, whereas borrowed securities do not appear in the balance sheet. We report cash collateral which we have furnished for securities lending transactions (cash collaterals out) as a claim and collateral received as a liability (cash collaterals in). Cash collaterals are also deposited and received as security in connection with derivative transactions.

The repurchase agreements and securities lending transactions concluded up to the balance sheet date and the cash collaterals broke down as follows:

€m	31.12.2015	31.12.2014[1]	Change in %
Repurchase agreements as a borrower			
Carrying amount of securities transferred	19,643	42,011	–53.2
Cash collaterals received			
Liabilities to banks	5,104	19,584	–73.9
Liabilities to customers	3,420	15,264	–77.6
Securities lent in securities lending transactions			
Carrying amount of securities transferred	36,752	35,342	4.0
Cash collaterals received			
Liabilities to banks	12,972	13,991	–7.3
Liabilities to customers	5,059	4,936	2.5
Sum of the carrying amounts of securities transferred	**56,395**	**77,353**	**–27.1**
Sum of collaterals received	**26,555**	**53,775**	**–50.6**
Repurchase agreements as a lender			
Fair value of securities received	44,088	45,071	–2.2
Cash collaterals paid			
Claims on banks	25,524	25,125	1.6
Claims on customers	6,533	12,716	–48.6
Securities borrowed in securities lending transactions			
Fair value of securities received	38,637	37,889	2.0
Cash collaterals paid[2]			
Claims on banks	18,250	23,044	–20.8
Claims on customers	8,447	10,280	–17.8
Sum of fair value from securities received	**82,725**	**82,960**	**–0.3**
Sum of collaterals given	**58,754**	**71,165**	**–17.4**

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).
[2] Including cash collateral paid out in connection with derivatives.

The carrying value of securities lent was €36,752m (previous year: €35,342m) against which there were related liabilities of €18,031m (previous year[1]: 18,927m) as well as securities of €10,689m (previous year: €9,585m) as collateral. The claims and liabilities from repurchase agreements are shown after netting.

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements (see page 161 ff.).

(89) Collateral received

The fair value of collaterals received, for which the Bank has a right to sell on or pledge even where the provider does not default, were as follows:

€m	31.12.2015	31.12.2014	Change in %
Total amount of collaterals received	85,808	86,730	– 1.1
of which			
Resold or repledged	52,003	69,150	– 24.8
of which			
Subject to an obligation to return	–	–	.

The transactions were carried out on standard market terms for securities lending and repurchase transactions and loan transactions.

(90) Fiduciary transactions

Fiduciary transactions, which do not have to be shown in the balance sheet, amounted to the following on the balance sheet date:

€m	31.12.2015	31.12.2014	Change in %
Claims on banks	53	47	12.8
Claims on customers	433	509	– 14.9
Other assets	914	1,171	– 21.9
Fiduciary assets	**1,400**	**1,727**	**– 18.9**
Liabilities to banks	64	59	8.5
Liabilities to customers	765	905	– 15.5
Other liabilities	571	763	– 25.2
Fiduciary liabilities	**1,400**	**1,727**	**– 18.9**

(91) Capital requirements and leverage ratio

The main rules governing compliance with minimum regulatory capital ratios for solvency purposes in the EU are contained in the Capital Requirements Directive (CRD) IV, the Capital Requirements Regulation (CRR), a European regulation which, unlike the CRD IV Directive, has direct legal effect for all European banks, together with the SSM Regulation (Council Regulation No. 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions). This legislation is supplemented at national level in Germany by further provisions in the German Banking Act, the German Solvency Regulation and other regulations. In addition Implementing Technical Standards (ITS) and Regulatory Technical Standards (RTS) provide explanations about particularly complex matters. The introduction of the new regulations in 2014 has strengthened the quality of regulatory capital compared with the previous regime and set higher minimum requirements for banks' capital adequacy.

To ensure that all these requirements did not take effect on a single date, certain parts of these new rules are subject to defined phase-in rules.

Common Equity Tier 1 (CET 1) capital consists largely of subscribed capital plus reserves and non-controlling interests. Adjustments to this figure may be necessitated by any number of causes, for example goodwill, intangible assets, write-downs of assets (if assets are not valued cautiously enough in the regulator's view), shortfalls due to the comparison of expected losses with the provisions recognised for them and the correction of tax loss carryforwards. Adding Additional Tier 1 capital (AT1), which can contain subordinated debt instruments with certain conditions, produces Tier 1 capital. Tier 2 capital consists largely of subordinated debt instruments which are not eligible as Additional Tier 1 capital. The eligibility of these capital components has been reduced, as they must now be amortised on a straight-line basis over the final five years of their life.

Commerzbank Aktiengesellschaft placed 113,850,693 new shares with institutional investors in April of the reporting year by way of an accelerated bookbuilding transaction. The placement price was €12.10 per share, and the gross issue proceeds totalled around €1.4bn.

With the successful completion of this capital action, the Common Equity Tier 1 ratio under full application of the new capital regulations (fully phased-in) rose by around 0.7 percentage points to 10.2% (pro forma as at end-March 2015). A substantial increase in the CET1 ratio, as expected by the capital market, was therefore achieved sooner than anticipated.

The table below shows the current risk-weighted assets, capital amounts and capital ratios as at the year-end:

€m	31.12.2015	31.12.2014
Credit risk	159,407	173,563
Market risk[1]	17,427	20,055
Operational risk	21,398	21,560
Total	**198,232**	**215,178**
Common Equity Tier 1 (CET1)[2]	27,303	25,123
Tier 1 capital	27,303	25,123
Total capital	32,803	31,476
Common Equity Tier 1 ratio (%)	13.8	11.7
Tier 1 ratio (%)	13.8	11.7
Total capital ratio (%)	16.5	14.6

[1] Includes credit valuation adjustment risk.
[2] The figures include the consolidated profit attributable to Commerzbank shareholders that is available for recapitalisation.

Commerzbank seeks to achieve the following objectives in managing its capital:

- Adherence to the statutory minimum capital requirements at Group level and in all companies included in the regulatory Group,
- Ensuring that the planned capital ratios are met, including the new ECB/EBA requirements,
- Provision of sufficient reserves to guarantee the Bank's freedom of action at all times,
- Strategic allocation of Tier 1 capital to business segments and divisions in order to exploit growth opportunities.

The financial crisis made the importance of adequate CET1 capital levels for banks become an issue of increasing public concern. At Commerzbank Tier 1 capital has always been a key management target. The Bank's specifications for the capital ratios far exceed the minimum statutory requirements. The Bank's risk-taking capability and market expectations play an important role in determining the internal capital ratio targets. For this reason Commerzbank has stipulated minimum ratios for regulatory capital.

CET1 capital is allocated via a regular process which takes account of the Bank's strategic direction, profitable new business opportunities in the core business of each business segment as well as risk appetite issues.

Measures relating to the Bank's capital are approved by the Board of Managing Directors, subject to the authorisation granted by the AGM. During the past year Commerzbank met the minimum statutory capital requirements as well as the requirements of the ECB and EBA at all times. All of the proposed new regulations are still subject to change. Parts of the proposed ITS and RTS are still outstanding. Consequently all figures for risk-weighted assets, capital and capital ratios reflect Commerzbank's current understanding of the regulations. In the pro forma calculation of fully phased-in implementation of the CRR requirements, the transitional regulations are completely disregarded.

The table below with the composition of the Commerzbank Group's capital shows the figures on both a phase-in and a fully phased-in basis. The reconciliation of equity reported in the balance sheet with regulatory capital is already integrated in these figures.

Position | €m	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	Phase-in	Phase-in	Fully phased-in	Fully phased-in
Equity as shown in balance sheet	**30,407**	**26,960**	**30,407**	**26,960**
Effect from debit valuation adjustments	– 96	– 38	– 240	– 188
Correction to revaluation reserve	511	906	–	–
Correction to cash flow hedge reserve	159	246	159	246
Correction to phase-in (IAS 19)	640	1,022	–	–
Correction to non-controlling interests (minorities)	– 230	– 135	– 505	– 426
Goodwill	– 2,088	– 2,090	– 2,088	– 2,090
Intangible assets	– 1,126	– 969	– 1,126	– 969
Surplus in plan assets	– 155	– 57	– 387	– 283
Deferred tax assets from loss carryforwards	– 180	– 128	– 451	– 639
Shortfall due to expected loss	– 463	– 496	– 661	– 827
Prudential valuation	– 376	– 469	– 376	– 469
Own shares	– 18	– 17	– 35	– 68
First loss positions from securitisations	– 300	– 360	– 300	– 360
Advance payment risks	– 1	–	– 1	–
Allocation of components from additional Equity Tier 1	1,008	935	–	–
Deferred tax assets from temporary differences which exceed the 10% threshold	–	– 89	– 316	– 886
Dividend accrued	– 250	–	– 250	–
Others and rounding	– 139	– 98	– 139	– 99
Common Equity Tier 1	**27,303**	**25,123**	**23,691**	**19,902**
Additional Equity Tier 1	**–**	**–**	**–**	**–**
Tier 1 capital	**27,303**	**25,123**	**23,691**	**19,902**
Tier 2 capital	**5,500**	**6,353**	**5,421**	**6,404**
Equity	**32,803**	**31,476**	**29,112**	**26,306**
Risk-weighted assets	**198,232**	**215,178**	**197,442**	**214,072**
Common Equity Tier 1 ratio (%)	**13.8**	**11.7**	**12.0**	**9.3**
Total capital ratio (%)	**16.5**	**14.6**	**14.7**	**12.3**

The CRD IV/CRR has introduced the leverage ratio as a new tool and indicator for quantifying the risk of excessive leverage. The leverage ratio shows the ratio of Tier 1 capital to leverage exposure, consisting of the non-risk-weighted assets plus off-balance-sheet positions. The way in which exposure to derivatives, securities financing transactions and off-balance sheet positions is calculated is laid down by regulators. The leverage ratio at the end of 2015 was calculated on the basis of the CRR as revised in January 2015. As a non-risk sensitive figure the leverage ratio is intended to supplement risk-based measures of capital adequacy.

Avoiding the risk of excessive leverage is an integral part of Commerzbank's management of its balance sheet. Commerzbank has set up a quantitative and qualitative framework to monitor and manage the leverage ratio in line with the requirements of CRD IV/ CRR.

Group Finance is responsible for quantifying the leverage ratio on the basis of regulatory requirements and provides regulators with quarterly reports.

Commerzbank has set an internal target for the leverage ratio which supplements the targets for the risk-based capital ratios. The segments are actively involved in managing the leverage ratio via segment-specific guidelines for their leverage ratio exposure.

Developments in the segment-specific leverage ratio exposures relative to the guidelines are monitored monthly. Group Finance reports regularly to the Central Asset Liability Committee (ALCO) and the Board on leverage ratio levels and segment exposures as well as on the main drivers of the ratio and any changes in them.

In addition to ex-post analyses of the leverage ratio, forecasts of developments in the leverage ratio exposures are included in the internal planning process (MYP) and reviewed regularly in forecasting exercises between the annual review dates.

Key decisions on management and monitoring of the leverage ratio are taken by ALCO, subject to confirmation by the Board of Managing Directors.

Summary reconciliation of accounting assets and leverage ratio exposures	**Applicable amounts**
€m	**31.12.2015**
Total assets as per published group financial statements	532,641
Adjustment for equity holdings which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	1,284
(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure in accordance with Article 429 (13) of Regulation (EU) No 575/2013)	–
Adjustments for derivative financial instruments	– 51,813
Adjustments for securities financing transactions (SFT)	2,454
Adjustments for off-balance-sheet items (i.e. conversion to credit equivalent amounts of off-balance-sheet exposures)	47,956
(Adjustment for intragroup exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No. 575/2013)	–
(Adjustment for exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (14) of Regulation (EU) No. 575/2013)	–
Other adjustments	
Phase-in	– 991
Fully phased-in	– 3,321
Total leverage ratio exposures	
Phase-in	**531,531**
Fully phased-in	**529,201**

Leverage ratio common disclosure	CRR leverage ratio exposures
€m	31.12.2015
On-balance sheet exposures (excluding derivatives and SFTs)	
On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	418,409
(Asset amounts deducted in determining Tier 1 capital)	
Phase-in	−3,492
Fully phased-in	−5,822
Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	
Phase-in	414,917
Fully phased-in	412,587
Derivative exposures	
Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	15,692
Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	22,820
Exposure determined by Original Exposure Method	–
Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	–
(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	−16,876
(Exempted CCP leg of client-cleared trade exposure)	−993
Adjusted effective notional amount of written credit derivatives	34,765
(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	−27,453
Total derivative exposures	27,955

Leverage ratio common disclosure (continuation)	CRR leverage ratio exposures
€m	31.12.2015
Securities financing transaction exposures	
Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	51,241
(Netted amounts of cash payables and cash receivables of gross SFT assets)	–12,992
Counterparty credit risk exposure for SFT assets	2,454
Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and Article 222 of Regulation (EU) No. 575/2013	–
Agent transaction exposures	–
(Exempted CCP leg of client-cleared SFT exposure)	–
Total securities financing transaction exposures	40,703
Other off-balance-sheet exposures	
Off-balance-sheet exposures at gross notional amount	163,544
(Adjustments for conversion to credit equivalent amounts)	–115,588
Total other off-balance-sheet exposures	47,956
(Exempted exposures in accordance with Article 429 (7) and (14) according to CRR (on- and off-balance-sheet))	
(Exemption of intragroup exposures (solo basis) in accordance with Article 429 (7) of Regulation (EU) No. 575/2013 (on- and off-balance-sheet))	–
(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No. 575/2013 (on- and off-balance-sheet))	–
Capital and total exposures	
Tier 1 capital	
Phase-in	27,303
Fully phased-in	23,691
Total leverage ratio exposures	
Phase-in	531,531
Fully phased-in	529,201
Leverage ratio	
Phase-in (%)	**5.1**
Fully phased-in (%)	**4.5**
Choice on phase-in arrangements and amount of derecognised fiduciary items	
Choice on phase-in arrangements for the definition of the capital measure	Phase-in und Fully phased-in
Amount of derecognised fiduciary items in accordance with Article 429 (13) of Regulation (EU) No 575/2013	–

Split-up of on-balance-sheet exposures (excluding derivatives, SFTs and exempted exposures)	CRR leverage ratio exposures
€m	31.12.2015
Total on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures), of which:	418,409
Trading book exposures	70,209
Banking book exposures, of which:	348,200
Covered bonds	5,649
Exposures treated as sovereigns	58,551
Exposures to regional governments, MDBs, international organisations and PSE NOT treated as sovereigns	29,141
Institutions	36,871
Secured by mortgages of immovable properties	56,799
Retail exposures	37,602
Corporate	89,328
Exposures in default	3,958
Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	30,301

The leverage ratio based on the CRR phase-in rules was 5.1% as at 31 December 2015 (30 September 2015: 4.7%). The leverage ratio with full phasing-in of the revised CRR rules stood at 4.5%, compared with 4.1% as at 30 September 2015.

The change in the leverage ratio reflected a collapse in leverage ratio exposures combined with a simultaneous increase in regulatory Tier 1 capital. As at the reporting date the leverage ratio exposure was €531.5bn (phase-in) and €529.2bn (fully phased-in) (30 September 2015: €570.1bn (phase-in) and €567.6bn (fully phased-in)). This resulted primarily from a decline in securities financing transactions and other assets.

(92) Securitisation of loans

The use of credit derivatives (such as credit default swaps, total return swaps and credit-linked notes) can reduce the risk weighting of a loan portfolio. The hedging effect of a credit derivative may relate both to individual loans or securities and to entire portfolios of loans or securities. As a rule, security is furnished by means of a synthetic securitisation by credit default swap (CDS) and/or by credit-linked notes (CLNs). This enables us to achieve three important goals:

- Risk diversification (reduction of credit risks in the portfolio, especially concentration risks),
- Easing the burden on equity capital (the transfer of credit risks to investors leads to a reduction in the regulatory capital requirements and
- Funding (use of securitisation as an alternative funding instrument to unsecured bearer bonds).

As at the 2015 financial year-end, the Commerzbank Group (Commerzbank Aktiengesellschaft and one subsidiary) had launched four securitisation programmes as the buyer of protection.

The range of legal maturity dates stretches from 10 to 45 years. A total volume of €4.1bn of loans to customers had been securitised by end-December 2015 (previous year: €4.7bn). This reduced the Bank's risk-weighted assets by €2.0bn (previous year: €2.0bn).

Name of transaction	Buyer of protection	Year transacted	Contract period of trans-actions in years	Type of claim	Total lending €m	Reduction of risk-weighted assets €m
CoSMO Finance III–1 Limited	Commerzbank Aktiengesellschaft	2015	10	Mittelstand customers	1,000	590
CoCo Finance II–2 Limited	Commerzbank Aktiengesellschaft	2015	10	Large corporates	3,000	1,422
Provide GEMS 2002–1 PLC	Hypothekenbank Frankfurt Aktiengesellschaft	2002	45	Residential real estate portfolio	65	13
Semper Finance 2007–1	Hypothekenbank Frankfurt Aktiengesellschaft	2007	36	Commercial real estate portfolio	13	6
total					**4,078**	**2,031**

(93) Average number of staff employed by the Bank during the year

	2015			2014		
	Total	**male**	**female**	**Total**	**male**	**female**
Group	49,791	23,667	26,124	49,867	23,780	26,087
in Germany	37,611	18,015	19,596	38,077	18,239	19,838
outside Germany	12,180	5,652	6,528	11,790	5,541	6,249

The above figures include both full-time and part-time personnel. Not included in the figures is the average number of employees undergoing training within the Group. The average time worked by part-time staff was 63.4% (previous year: 62.7%) of the standard working time.

	2015			2014		
	Total	**male**	**female**	**Total**	**male**	**female**
Trainees	1,768	847	921	2,092	1,004	1,088

(94) Related party transactions

a) Business relationships

As part of its normal business Commerzbank Aktiengesellschaft and/or its consolidated companies do business with related entities and persons. These include subsidiaries that are controlled but not consolidated for reasons of materiality, joint ventures, associated companies accounted for using the equity method, equity holdings, external providers of occupational pensions for employees of Commerzbank Aktiengesellschaft, key management personnel and members of their families as well as companies controlled by these persons. Key management personnel refers exclusively to members of Commerzbank Aktiengesellschaft's Board of Managing Directors and Supervisory Board who were active during the financial year.

However, besides the stake held by the German federal government, other factors (including membership of the supervisory board) which could allow a shareholder to exert a significant influence on Commerzbank Aktiengesellschaft also need to be taken into account. As a result the German federal government and entities controlled by it constitute related parties as defined by IAS 24.

In the tables below we present relationships with federal government-controlled entities and agencies separately from relationships with other related parties. Assets, liabilities and off-balance sheet items involving related parties (excluding federal agencies) changed as follows in the year under review:

Assets | €m	31.12.2015	31.12.2014	Change in %
Claims on banks	**10**	**41**	−75.6
Non-consolidated subsidiaries	–	–	.
Joint ventures	–	–	.
Holdings in associated companies accounted for using the equity method and holdings in related companies	10	41	−75.6
Claims on customers	**1,094**	**1,118**	−2.1
Non-consolidated subsidiaries	515	556	−7.4
Joint ventures	–	–	.
Holdings in associated companies accounted for using the equity method and holdings in related companies	534	514	3.9
Key management personnel	8	4	.
Other related entities/persons	37	44	−15.9
Trading assets	**64**	**13**	.
Non-consolidated subsidiaries	3	9	−66.7
Joint ventures	–	–	.
Holdings in associated companies accounted for using the equity method and holdings in related companies	–	4	.
Other related entities/persons	61	–	.
Financial investments	**52**	**40**	30.0
Non-consolidated subsidiaries	28	33	−15.2
Joint ventures	–	–	.
Holdings in associated companies accounted for using the equity method and holdings in related companies	2	1	.
Other related entities/persons	22	6	.
Other assets	**19**	**51**	−62.7
Non-consolidated subsidiaries	–	–	.
Joint ventures	–	–	.
Holdings in associated companies accounted for using the equity method and holdings in related companies	19	51	−62.7
Total	**1,239**	**1,263**	**−1.9**

Liabilities | €m	31.12.2015	31.12.2014	Change in %
Liabilities to banks	**12**	**–**	.
Non-consolidated subsidiaries	2	–	.
Joint ventures	–	–	.
Holdings in associated companies accounted for using the equity method and holdings in related companies	10	–	.
Liabilities to customers	**691**	**665**	3.9
Non-consolidated subsidiaries	164	110	49.1
Joint ventures	–	–	.
Holdings in associated companies accounted for using the equity method and holdings in related companies	61	66	−7.6
Key management personnel	8	5	60.0
Other related entities/persons	458	484	−5.4
Trading liabilities	**–**	**3**	.
Non-consolidated subsidiaries	–	–	.
Joint ventures	–	–	.
Holdings in associated companies accounted for using the equity method and holdings in related companies	–	–	.
Other related entities/persons	–	3	.
Subordinated debt instruments	**255**	**394**	−35.3
Non-consolidated subsidiaries	–	–	.
Joint ventures	–	–	.
Holdings in associated companies accounted for using the equity method and holdings in related companies	–	–	.
Other related entities/persons	255	394	−35.3
Other liabilities	**22**	**26**	−15.4
Non-consolidated subsidiaries	22	26	−15.4
Joint ventures	–	–	.
Holdings in associated companies accounted for using the equity method and holdings in related companies	–	–	.
Total	**980**	**1,088**	**−9.9**

The total liabilities to other related companies include €0.5bn (previous year: €0.5bn) for external pension providers.

Off-balance-sheet items | €m	31.12.2015	31.12.2014	Change in %
Guarantees and collaterals granted to	**209**	**220**	−5.0
Non-consolidated subsidiaries	31	18	72.2
Joint ventures	–	–	.
Associated companies accounted for using the equity method and holdings in related companies	37	84	−56.0
Key management personnel	–	–	.
Other related entities/persons	141	118	19.5
Guarantees and collaterals received from	**5**	**6**	−16.7
Non-consolidated subsidiaries	5	–	.
Joint ventures	–	–	.
Associated companies accounted for using the equity method and holdings in related companies	–	6	.
Key management personnel	–	–	.
Other related entities/persons	–	–	.

The guarantees and collateral were granted in the course of the Bank's ordinary banking activities.

The following income arose from loan agreements with, deposits from and services provided in connection with related parties (excluding federal agencies):

Income | €m	1.1.–31.12.2015	1.1.-31.12.2014	Change in %
Non-consolidated subsidiaries			
Interest income	37	32	15.6
Commission income	16	16	0.0
Net gain or loss from trading and remeasurement	5	2	.
Other net income	2	1	.
Joint ventures			
Interest income	–	–	.
Commission income	–	–	.
Current net income from companies accounted for using the equity method	19	– 6	.
Holdings in associated companies accounted for using the equity method and holdings in related companies			
Interest income	7	15	– 53.3
Commission income	142	70	.
Current net income from companies accounted for using the equity method	63	49	28.6
Net gain or loss from trading and remeasurement	57	– 11	.
Key management personnel			
Interest income	–	–	.
Commission income	–	–	.
Other related entities/persons			
Interest income	2	2	0.0
Commission income	–	–	.
Net gain or loss from trading and remeasurement	6	1	.
Totals			
Interest income	46	49	– 6.1
Commission income	158	86	83.7
Current net income from companies accounted for using the equity method	82	43	90.7
Net gain or loss from trading and remeasurement	68	– 8	.
Other net income	2	1	.

The expenses from loan agreements with, deposits from and services provided in connection with related parties (excluding federal agencies) are shown in the table below.

The operating expenses under key management personnel relate to remuneration of board members reported as personnel expense and salaries of the employee representatives on the Supervisory Board employed by the Commerzbank Group. They also include remuneration paid to the members of the Supervisory Board. The taxes item relates to VAT reimbursed to members of the Supervisory Board.

Expenses | €m	1.1.–31.12.2015	1.1.-31.12.2014	Change in %
Non-consolidated subsidiaries			
Interest expenses	5	2	.
Net risk provisions in the credit business	–	– 1	.
Commission expenses	–	–	.
Operating expenses	68	60	13.3
Write-downs/impairments	17	4	.
Other expenses	10	4	.
Joint ventures			
Interest expenses	–	–	.
Commission expenses	–	–	.
Operating expenses	–	–	.
Write-downs/impairments	–	–	.
Holdings in associated companies accounted for using the equity method and holdings in related companies			
Interest expenses	–	–	.
Net risk provisions in the credit business	–	–	.
Commission expenses	1	2	– 50.0
Operating expenses	–	9	.
Write-downs/impairments	–	11	.
Other expenses	–	4	.
Key management personnel			
Interest expenses	–	–	.
Commission expenses	–	–	.
Operating expenses	11	14	– 21.4
Write-downs/impairments	–	–	.
Taxes	–	–	.
Other related entities/persons			
Interest expenses	30	44	– 31.8
Commission expenses	–	–	.
Operating expenses	–	–	.
Write-downs/impairments	–	–	.
Totals			
Interest expenses	35	46	– 23.9
Net risk provisions in the credit business	–	– 1	.
Commission expenses	1	2	– 50.0
Operating expenses	79	83	– 4.8
Write-downs/impairments	17	15	13.3
Other expenses	10	8	25.0
Taxes	–	–	.

Claims on key management personnel were as follows:

	31.12.2015		31.12.2014	
	Board of Managing Directors	Supervisory Board	Board of Managing Directors	Supervisory Board
Claims (€1,000)	4,930	2,961	3,165	563
Last due date[1]	2042	2047	2042	2047
Range of interest rates used (%)[2]	1.26– 2.8	1.34– 5.1	1.52– 5.5	2.28– 5.1

[1] Besides loans with fixed repayment dates, loans without a specified maturity were granted.
[2] In individual cases up to 15.2% (previous year: 15.4%) was charged for overdrafts in the Board of Managing Directors and up to 12.0% (previous year: 11.8%) in the Supervisory Board.

Collaterals for the cash advances and loans to members of the Board of Managing Directors and the Supervisory Board are provided on normal market terms, if necessary through land charges or rights of lien.

With the exception of rental guarantees the companies of the Commerzbank Group did not have any contingent liabilities relating to members of the Board of Managing Directors or the Supervisory Board in the year under review.

Banking transactions with related parties are carried out on normal market terms and conditions.

Transactions with federal agencies

The Commerzbank Group conducts transactions with federal government-controlled entities as part of its ordinary business activities on standard market terms and conditions. The table below sets out the assets and liabilities relating to transactions with federal agencies:

€m	31.12.2015	31.12.2014	Change in %
Cash reserve	16,089	247	.
Claims on banks	151	154	– 1.9
Claims on customers	1,261	1,438	– 12.3
Trading assets	928	970	– 4.3
Financial investments	3,402	3,484	– 2.4
Total	**21,831**	**6,293**	**.**
Liabilities to banks	12,190	13,255	– 8.0
Liabilities to customers	87	89	– 2.2
Trading liabilities	1,293	845	53.0
Total	**13,570**	**14,189**	**– 4.4**
Guarantees and collaterals			
granted	289	242	19.4
received	–	–	.

The financial instruments included under trading assets and financial investments are debt instruments.

Income and expenses for transactions with federal agencies were as follows:

€m	1.1.–31.12.2015	1.1.-31.12.2014	Change in %
Income			
Interest income	218	259	– 15.8
Commission income	1	2	– 50.0
Net gain or loss from trading and remeasurement	– 48	6	.
Expenses			
Interest expenses	140	166	– 15.7
Commission expenses	–	–	.
Net risk provisions in the credit business	–	12	– 100.0
Operating expenses	1	1	0.0
Write-downs/impairments	–	–	.

b) Remuneration of key management personnel

A detailed description of the remuneration system for the members of the Board of Managing Directors and for members of the Supervisory Board is provided in the remuneration report (see page 34 ff.).

Board of Managing Directors. The table below shows a breakdown of the total remuneration of the Board of Managing Directors in accordance with both the IAS 24.17 and German Accounting Standard 17 classifications (see the remuneration report). The expense under the IAS 24 classification is based on the regulations of the underlying standards (IAS 19 and IFRS 2).

The short-term employee benefits also contain the other remuneration. This includes standard non-monetary benefits (chiefly use of company cars and insurance plus the tax due on these, and employer contributions to the BVV occupational retirement fund).

The post-employment benefits contain the service cost included in pension provisions.

Figures for individual board members in accordance with the German Accounting Standard 17 rules are set out in the remuneration report (see page 38 f.).

€1,000	2015	2014
Short-term employee benefits	7,676	7,263
Post-employment benefits[1]	1,474	2,995
Other long-term benefits	1,780	916
Termination benefits[2]	375	–
Share-based remuneration[3]	4,658	3,368
Total remuneration in accordance with IAS 24.17	**15,963**	**14,542**
less		
Post-employment benefits	1,474	2,995
Termination benefits	375	–
Measurement and other differences[4]	5,682	– 374
Total remuneration in accordance with the Remuneration report[5]	**8,432**	**11,921**

[1] The significant decline in service costs is due in particular to the change in pension commitments, resulting from the fact that changes in salary are no longer employed when measuring the pension liabilities.

[2] The appointment of Dr. Schmittmann ended on 31 December 2015. He will continue to receive the basic annual salary set out in his contract of employment for a period of six months, as described in the remuneration report in the paragraph "Rules for termination of office" for six months after the termination of their roles.

[3] The new remuneration system also gives rise to pro-rata recognition of share-based remuneration in respect of future financial years in financial year 2015, as set out in the remuneration report.

[4] This includes the difference arising from measurement on the grant date (German Accounting Standard 17) and on the balance sheet date (IFRS 2) among other factors. Under the new remuneration system, granting takes place only once the entitlements exist, which in financial year 2015 lead to a significant reduction in total remuneration under Art. 314 (1) no. 6 (a) sentence 1 of the German Commercial Code (HGB), as the latter does not contain the long-term remuneration components.

[5] The legal basis is Art. 314 (1) no. 6 (a) sentence 1 of the German Commercial Code (HGB).

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

The net present value of pension entitlements of the active members of the Board of Managing Directors was €27,372 thousand as at 31 December 2015 (previous year: €28,448 thousand). The service costs reflected in the calculation of pension provisions in 2015 amounted to €1,474 thousand (previous year: €2,995 thousand). The amounts are calculated considering the current term of appointment of the individual board members and assuming none of the board members will collect a pension before reaching the age of 62 (except in a potential case of incapacity to work) and that they will remain on the board until such time. The pension entitlements and service costs for the individual board members are set out in the remuneration report (see page 37). After deduction of plan assets transferred, provisions for pension obligations in respect of active members of the Board of Managing Directors at 31 December 2015 were €4,625 thousand (previous year: €5,969 thousand). Provisions of €12,830 thousand (previous year: €6,232 thousand) have been recognised for variable components of renumeration of active members of the Board of Managing Directors as at 31 December 2015. The increase in 2015 was due to the new remuneration system with a pro-rata recognition of share-based remuneration for future financial years already in financial year 2015 (see remuneration report). Payments to former members of the Board of Managing Directors of Commerzbank Aktiengesellschaft and their surviving dependants came to €7,938 thousand in the 2015 financial year (previous year: €7,986 thousand). The pension liabilities for these persons amounted to €88,927 thousand (previous year: €97,700 thousand).

Supervisory Board. Remuneration for the members of the Supervisory Board is regulated in Art. 15 of the Articles of Association of Commerzbank Aktiengesellschaft. Members of the Supervisory Board received total net remuneration for financial year 2015 of €2,019 thousand (previous year: €1,657 thousand). Of this figure, the fixed remuneration and remuneration for committee memberships amounted to €1,541 thousand (previous year: €1,305 thousand) and attendance fees to €478 thousand (previous year: €352 thousand). Attendance fees are paid for participating in the meetings of the Supervisory Board and its seven committees (Presiding, Compensation Control, Audit, Risk, Nomination, Mediation and Social Welfare Committees) which met in the year under review. The overall remuneration of €2,019 thousand (previous year: €1.657 thousand) is categorised as short-term employee benefits in accordance with IAS 24.17.

The VAT (currently 19%) payable on the remuneration of the members of the Supervisory Board resident in Germany was reimbursed by the Bank, but is not counted as a component of remuneration. No value added tax is payable for members of the Supervisory Board resident outside Germany.

The Board of Managing Directors and Supervisory Board held no more than 1% in total (previous year: less than 1%) of the issued shares and option rights of Commerzbank Aktiengesellschaft as at 31 December 2015.

(95) Share-based payment plans

Due to the performances already made by employees (including the Board of Managing Directors) there were expenses relating to share-based payments in the 2015 financial year. Further details and the terms and conditions of the share-based payment plans are available in Note 25 of this annual report. Share-based payment expense was as follows:

€m	2015	2014
Cash-settled plans	37	44
of which		
Commerzbank Incentive Plan	36	41
Equity-settled plans	4	3
Total	**41**	**47**

The provisions for cash-settled plans and the reserves in equity for plans settled with equity instruments were as follows:

€m	31.12.2015	31.12.2014
Provisions	63	65
of which		
Share awards	1	1
Commerzbank Incentive Plan	62	63
Equity reserves	9	6

Share awards. The number of rights outstanding under the share award programmes developed as follows during the financial year:

Number of awards units	Share awards
Balance as at 1.1.2014	**565,591**
Granted during the year	3,565
Forfeited during the year	2,900
Exercised during the year	528,996
Expired during the year	–
Balance as at 31.12.2014	**37,260**
Granted during the year	–
Forfeited during the year	–
Exercised during the year	29,469
Expired during the year	–
Balance as at 31.12.2015	**7,791**

Commerzbank Incentive Plan. The number of shares changed as follows in 2015:

Number of awards units	Commerzbank Incentive Plan
Balance as at 1.1.2014	**1,864,379**
Granted during the year	2,329,825
Forfeited during the year	9,741
Exercised during the year	968,411
Expired during the year	37,130
Balance as at 31.12.2014	**3,178,922**
Granted during the year	3,062,716
Forfeited during the year	43,034
Exercised during the year	2,706,543
Expired during the year	–
Balance as at 31.12.2015	**3,492,061**

(96) Other commitments

Payment commitments to Group external entities and non-consolidated entities on shares not fully paid up amounted to €38.4m (previous year: €38.5m).

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

Securities with a book value of €6,866m (previous year: €7,686m) have been deposited as collateral to meet obligations to futures and options exchanges and clearing houses.

(97) Lessor and lessee figures

Lessor disclosures – operating leases

Commerzbank acts as a lessor in operating lease arrangements. As at the balance sheet date these leases primarily comprised chartered ships, technical equipment and machines, real estate and office furniture and equipment (e.g. vehicles, technical equipment). No contingent rents have been agreed in the leases.

The following minimum lease payments stemming from non-cancellable leases will accrue to the Commerzbank Group over the next few years from operating leases granted:

Due date | €m	**31.12.2015**	**31.12.2014**
Up to 1 year	117	174
1 year to 5 years	183	375
More than 5 years	103	184
Total	**403**	**733**

Impairment losses of €7m were reversed and recognised as income during the financial year.

Lessor disclosures – finance leases

Commerzbank acts as a lessor for finance leases. As at the balance sheet date these leases primarily comprised technical equipment and machines, office furniture and equipment (e.g. vehicles and office equipment) and to a lesser extent leased real estate. The relationship between gross investments and net present value of the minimum lease payments was as follows:

€m	**31.12.2015**	**31.12.2014**
Outstanding lease payments	2,233	1,791
+ guaranteed residual values	80	92
= minimum lease payments	2,313	1,883
+ non-guaranteed residual values	8	9
= gross investments	2,321	1,892
of which from sale and leaseback transactions	407	251
– unrealised financial income	214	200
= net investments	2,107	1,692
– net present value of non-guaranteed residual values	6	3
= net present value of minimum lease payments	2,101	1,689
of which from sale and leaseback transactions	355	213

The minimum lease payments include the total lease instalments to be paid by the lessee under the lease agreement plus the guaranteed residual value. The non-guaranteed residual value is estimated at the beginning of the lease agreement and reviewed as at the reporting date on a regular basis. Unrealised financial income is equivalent to the interest implicit in the lease agreement between the reporting date and the end of the contract.

The accumulated allowance for uncollectable minimum lease payments receivable was €47m (previous year: €52m). In addition €10m (previous year: €5m) of contingent rents were recognised as income in the year under review.

The term of the gross investment and net present values of the minimum lease payments from non-cancellable finance leases broke down as follows:

Residual terms as at 31.12.	Gross investments		of which from sale and leaseback transactions	
€m	**2015**	**2014**	**2015**	**2014**
Up to 1 year	587	513	71	55
1 year to 5 years	1,493	1,177	234	143
More than 5 years	241	202	102	53
Total	**2,321**	**1,892**	**407**	**251**

Residual terms as at 31.12.	Net present value of minimum lease payments		of which from sale and leaseback transactions	
€m	**2015**	**2014**	**2015**	**2014**
Up to 1 year	523	455	59	46
1 year to 5 years	1,368	1,059	205	129
More than 5 years	210	175	91	38
Total	**2,101**	**1,689**	**355**	**213**

Lessee disclosures – operating leases

The Group's existing obligations arising from operating leases involve rental and leasing agreements for buildings, office furniture and equipment and led in the financial year 2015 to expenses of €337m (previous year: €325m). The breakdown of the expenses was as follows:

€m	**2015**	**2014**
Minimum lease payments	101	149
Payments for terminable agreements	13	11
Conditional payments	223	171
less sublease income	–	6
Total	**337**	**325**

For rental and lease agreements that cannot be terminated, the following expenses are forecast for future years:

Residual terms as at 31.12.	Non-cancellable rental and leasing contracts		of which from sale and leaseback transactions[1]	
€m	**2015**	**2014**	**2015**	**2014**
Up to 1 year	408	452	8	10
1 year to 5 years	1,036	1,124	29	28
More than 5 years	795	967	19	26
Total	**2,239**	**2,543**	**56**	**64**

[1] The sale and leaseback transactions relate solely to non-cancellable lease agreements.

For real estate, mostly rental agreements were concluded, but occasionally also lease agreements. These lease agreements are usually long term and include opt-out clauses, options for the lessee to extend the lease for follow-up periods or price adjustment clauses. Price adjustment clauses exist in a number of different forms such as step-up leases and index clauses. Lease agreements may also include purchase options. Operating lease agreements do not entail any restrictions with respect to the future payment of dividends or contraction of additional debt.

Subletting agreements have been signed for buildings no longer in use in the Commerzbank Group. These leases are non-cancellable. The following income will accrue to the Commerzbank Group in the next few years from these leases:

Due date I €m	**2015**	**2014**
Up to 1 year	23	38
1 year to 5 years	40	37
More than 5 years	114	53
Total	**177**	**128**

(98) Date of release for publication

The Group financial statements were approved by the Board of Managing Directors for submission to the Supervisory Board on 22 February 2016. The Supervisory Board is responsible for reviewing and formally approving the Group financial statements. Preliminary figures for the 2015 results were released by the Board of Managing Directors for publication on 9 February 2016.

(99) Corporate Governance Code

We have issued our annual declaration of compliance with the German Corporate Governance Code pursuant to Art. 161, German Stock Corporation Act (Aktiengesetz) and made it permanently available to shareholders on the internet (www.commerzbank.com). An annual declaration of compliance with the German Corporate Governance Code pursuant to Art. 161, Stock Corporation Act has also been issued for comdirect bank AG and made permanently available on the internet (www.comdirect.com).

(100) Letters of comfort

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

Name	**Registered office**
comdirect bank Aktiengesellschaft	Quickborn
Commerzbank (Eurasija) SAO	Moscow
Commerzbank Brasil S.A. - Banco Múltiplo	São Paulo
Commerzbank Inlandsbanken Holding GmbH	Frankfurt/Main
Commerzbank International S.A.[1]	Luxembourg
CommerzTrust GmbH	Frankfurt/Main
Commerz Markets LLC	New York
Erste Europäische Pfandbrief- und Kommunalkreditbank Aktiengesellschaft in Luxemburg	Luxembourg
Hypothekenbank Frankfurt Aktiengesellschaft	Eschborn

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

(101) Information on unconsolidated structured entities

The unconsolidated structured entities of the Commerzbank Group comprise the transaction types (clusters) set out below.

- Asset-backed securities (ABSs)
  Asset-backed securities are collateralised securities designed to convert particular assets, usually loans, into interest-bearing tradable securities through securitisation. The underlying assets can include, for example, consumer loans (auto loans, credit card assets), mortgage loans and high-grade corporate loans. The companies are financed through the issue of various tranches of asset-backed securities and the investors in these securities are subject to the default risk of the underlying asset. Commerzbank only invests in investment grade ABS tranches.
- Own securitisations
  These are true-sale and synthetic securitisations used for the purpose of steering the liquidity, capital and risk-weighted assets of the Bank. The companies that acquire the assets are financed through the issue of various tranches of securities that are placed on the capital market.
- Securitisation platform
  Commerzbank sponsors a securitisation platform. With this conduit programme, Commerzbank structures, arranges and securitises the receivables of third parties who are customers of Mittelstandsbank and Corporates & Markets. The companies refinance themselves through the issue of asset-backed securities and liquidity lines. Default risk is covered by external bad debt insurance as well as existing over-hedging.
- Hedge funds
  These are investments in hedge fund units made in the interest of the customer. The performance and risk of the units are passed on to the customer by means of total return swaps or certificates. Commerzbank thus secures itself financially and does not invest for its own account.
- Leasing structured entities
  These companies design need-based leasing and financing concepts for large plant such as real estate, aircraft, ships and regenerative energy systems. Normally, for every transaction an autonomous company is established in which the Commerz Real Group is a majority or minority stakeholder. These companies mostly operate in the legal form of a GmbH & Co. KG. As a financial services company, the Commerz Real Group does not provide loans to these companies. Loans are instead provided by lending institutions within and outside the Group. The core business of Commerz Real does, however, include administration related to the structured entities, such as the regular renewal of expiring fixed interest rate periods and loans with fixed repayment dates.
- Private Finance Initiative & Structured Credit Legacy (PFI and SCL)
  The cluster comprises positions from the former Portfolio Restructuring Unit (PRU), which was responsible for managing down assets related to the proprietary trading and investment activities which were discontinued in 2009. The positions managed by this segment initially included asset-backed securities (ABSs) without a state guarantee, other structured credit products, proprietary trading positions in corporate and bank bonds and exotic credit derivatives. The companies are largely financed through the issue of various types of asset-backed securities and bonds. The investors in these securities are therefore subject to the default risk of the underlying or the issuer.

- Others

  These are structured entities which do not fulfil the above criteria. These primarily comprise all mutual funds launched by Commerz Funds Solutions S.A. and not consolidated. Capital market transactions by Structured Capital Markets (SCM) and structured entities in connection with credit derivatives transactions also fall into this category. The business of Commerz Funds Solutions S.A. comprises all types of passive investment funds. The company offers ETFs as well as mutual funds covering different strategies for European markets and particular asset classes. Funds of funds also offer investors the opportunity to benefit across asset classes from the performance of equity, bond and commodity indices depending on the market situation. Commerzbank holds units in individual mutual funds in order to ensure a liquid market or supports new fund launches with a seed money contribution. SCM carries out transactions for customers with limited access to the capital markets and brings them together with alternative providers of capital. SCM comprises the areas of Structured Finance (SF), Structured Asset Solutions (SAS) and Securitised Products (SP). The focus in Structured Finance is on structuring and carrying out tax-efficient financing and investments for companies and financial institutions. Structured Asset Solutions concentrates on the customer-oriented securitisation of credit financing and short-term leasing financing. Securitised Products is focused on synthetic and true-sale securitisations for public and private placements. Credit derivatives include cash collateralised debt obligations and synthetic collateralised debt obligations as well as senior tranches of securitisation transactions outside the scope of the conduit business of Commerzbank. The companies are financed through the issue of various tranches of securities. Investors in these securities are subject to the default risk of the underlying, while the buyer of protection is protected against this risk.

The carrying amounts of the assets and liabilities and income and expenses of the Commerzbank Group relating to unconsolidated structured entities are set out in the tables below: The size of the unconsolidated structured entities and the Commerzbank Group's maximum exposure to loss are also shown.

The maximum exposure to loss for the Commerzbank Group with regard to unconsolidated structured entities resulted from recognised assets and from lending commitments and guarantees provided to unconsolidated structured entities that had not yet been utilised as at the reporting dates. The maximum risk of loss on assets with regard to unconsolidated structured entities is equivalent to the current carrying values of these items after loss provisions. For loan commitments and guarantees we treat the nominal value of the commitment as the maximum risk of loss.

The maximum risk of loss is shown gross, i.e. without regard to collateral or hedging activities serving the purpose of risk mitigation.

As at 31 December 2015 the transactions with unconsolidated structured entities were as follows:

€m	ABS	Own securitisations	Securitisation platform	Hedge funds	Leasing structured entities	PFI and SCL	Others
Assets as at 31.12.2015	**2,610**	**124**	**1,483**	**255**	**496**	**4,661**	**416**
Claims on customers	–	114	1,483	1	491	183	331
Trading assets	7	10	–	224	–	3,875	85
Financial investments	2,603	–	–	–	–	482	–
Other assets	–	–	–	30	5	121	–
Liabilities as at 31.12.2015	**–**	**1,035**	**58**	**7**	**32**	**–**	**52**
Liabilities to customers	–	2	57	–	32	–	13
Securitised liabilities	–	–	–	–	–	–	–
Trading liabilities	–	–	1	7	–	–	39
Other liabilities	–	1,033	–	–	–	–	–
Income and expenses from 1.1. to 31.12.2015							
Net interest income after loan loss provisions	24	–73	22	–	18	121	–30
Net commission income	–	–	3	–	8	–	–
Net trading income and net investment income	–	–	–47	6	–	–327	128
Other net income	–	–	–	–	–1	43	–
Maximum exposure to loss as at 31.12.2015							
Assets	2,610	124	1,483	255	496	4,661	416
Lending commitments	–	–	1,551	–	–	6	–
Guarantees	–	–	16	–	–	–	–

The transactions with unconsolidated structured entities were as follows as at 31 December 2014:

€m	ABS	Own securitisa-tions	Securitisa-tion platform	Hedge funds	Leasing structured entities	PFI and SCL	Others
Assets as at 31.12.2014	**1,288**	**104**	**688**	**514**	**504**	**5,313**	**127**
Claims on customers	–	102	667	–	498	251	9
Trading assets	8	–	21	429	–	4,433	89
Financial investments	1,280	–	–	–	–	629	–
Other assets	–	2	–	85	6	–	29
Liabilities as at 31.12.2014	**–**	**1,131**	**81**	**6**	**24**	**131**	**83**
Liabilities to customers	–	–	77	–	24	–	18
Securitised liabilities	–	203	–	–	–	–	–
Trading liabilities	–	–	4	6	–	131	65
Other liabilities	–	928	–	–	–	–	–
Income and expenses from 1.1. to 31.12.2014							
Net interest income after loan loss provisions	3	–64	29	–	23	122	–38
Net commission income	–	–3	1	–	10	–	–
Net trading income and net investment income	–	–	–	21	–	326	–30
Other net income	–	–	–	–	–2	–	–
Maximum exposure to loss as at 31.12.2014							
Assets	1,288	104	688	514	504	5,313	127
Lending commitments	–	–	2,670	–	–	15	–
Guarantees	–	–	–	–	–	–	–

The size of the unconsolidated structured was as follows:

€m	ABS	Own securitisa-tions	Securitisa-tion platform	Hedge funds	Leasing structured entities	PFI and SCL	Others
Size as at 31.12.2015[1]	27,328	4,176	3,048	255	4,458	4,661	2,444
Size as at 31.12.2014[1]	11,673	3,210	4,131	514	4,941	5,313	2,213

[1] The size of unconsolidated structured entities generally reflects the total assets of the companies. The issuance volume is shown for the ABS cluster and the stakes held by Commerzbank are shown for the hedge funds and PFI and SCL clusters.

Commerzbank also acts as sponsor of structured entities in which it does not have an equity holding. An entity is regarded as sponsored if:

- it was launched and/or structured by Commerzbank;
- it has received or bought assets from the Commerzbank Group;
- it is guaranteed by the Commerzbank Group or was marketed intensively by the Commerzbank Group.

As at 31 December 2015 the gross income of the Commerzbank Group from sponsored unconsolidated structured entities was €232m (previous year: €95m). This involved interest and commission income and was largely accounted for by the securitisation platform, leasing structured entities and others clusters. The carrying amounts of the assets of the Commerzbank Group relating to sponsored unconsolidated structured entities totalled €2,519m (previous year: €1,393m).

(102) Disclosures on significant non-controlling interests

Significant non-controlling interests – including the segment they belong to – were as listed below. They consist of the subsidiary mBank S.A. and the comdirect bank subgroup.

	mBank S.A., Warsaw, Poland Central & Eastern Europe		comdirect bank subgroup Private Customers	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Attributable to non-controlling interests				
Capital (%)	30.5	30.5	18.7	18.7
Voting rights (%)	30.5	30.5	18.7	18.7
Consolidated profit or loss (€m)	80	85	12	12
Equity (€m)	807	710	114	107
Dividend paid on shares (in €m)	–	52	11	10
Assets[1] (€m)	8,510	8,108	3,144	2,844
Liabilities[1] (€m)	7,656	7,379	3,027	2,733
Profit or loss[1] (€m)	92	84	12	12
Other comprehensive income[1] (€m)	−5	−2	3	7
Total comprehensive income[1] (€m)	87	82	15	19
Cash flows[1] (€m)	207	96	229	−241

[1] Before elimination of intragroup-transactions.

(103) Disclosures pursuant to Art. 26 of the German Banking Act (KWG)

The following information pursuant to Art. 26 a KWG relates to the companies of Commerzbank Group consolidated under IFRS. Return on capital[1] for the Group was 0.22% as at 31 December 2015. For the statement of business purpose please refer to our ownership interests (page 297 ff.) in the electronic version of the annual report available on the internet at www.commerzbank.com > Investor Relations. The turnover figure is based on each company's separate financial statements under International Financial Reporting Standards (IFRS) and comprises income before loan loss provisions. The pre-tax profit or loss and taxes on income are also taken from each company's separate financial statements under IFRS. The average number of employees includes both full-time personnel and part-time personnel converted into full-time equivalents.

31.12.2015	Turnover €m	Pre-tax profit or loss €m	Taxes on income[1] €m	Employees number
Germany	8,082	1,775	205	33,925
China including Hong Kong	125	69	8	263
France	39	18	9	84
United Kingdom	1,086	443	179	1,288
Luxembourg	348	220	62	491
Netherlands	7	– 32	– 4	42
Poland	1,040	448	76	6,251
Russia	62	44	9	138
Singapore	113	47	1	362
USA	163	36	28	463
Others	191	70	39	753

[1] The difference between the tax ratios and nominal tax rates in the different countries largely derive from effects relating to the retrospective recognition or impairment of deferred taxes and from taxes for prior years (e.g. recognition and release of tax provisions).

31.12.2014	Turnover €m	Pre-tax profit or loss €m	Taxes on income[1] €m	Employees number
Germany	7,392	616	221	38,078
China including Hong Kong	109	61	7	231
France	40	17	11	86
United Kingdom	938	385	19	1,369
Luxembourg	392	307	12	556
Netherlands	38	29	5	40
Poland	984	441	85	7,747
Russia	67	49	10	144
Singapore	100	38	– 4	342
USA	222	127	51	460
Others	249	85	18	807

[1] The difference between the tax ratios and nominal tax rates in the different countries largely derive from effects relating to the retrospective recognition or impairment of deferred taxes and from taxes for prior years (e.g. recognition and release of tax provisions).

[1] Return on capital is calculated as profit after tax divided by total assets.

(104) Ownership interests

We provide the following information pursuant to Art. 313 (2) of the German Commercial Code (HGB) and IFRS 12.10 and IFRS 12.21 on the Group Financial Statements. The data on the equity and net profit or loss of the companies is taken from their financial statements under national accounting regulations. Footnotes, information on business purpose and further comments on the tables below appear at the end of this note.

1. Affiliated companies

a) Affiliated companies included in the Group financial statements

Name	Registered office	Business purpose	Share of capital held %	Voting rights (where different) %	Currency	Equity 1,000	Net profit or loss 1,000	
ABORONUM Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin KG	Düsseldorf, Germany	SOFDL	0.0	85.0	EUR	0	2	
ADMERA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	SOFDL	100.0		EUR	25	2	
Aspiro S.A.	Lodz, Poland	SOUNT	100.0		PLN	273,387	197,052	
ASTUTIA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	SOFDL	100.0		EUR	3,825	–	a)
Atlas Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main, Germany	BETGE	100.0		EUR	319,189	–	a)
AVOLO Aviation GmbH & Co. Geschlossene Investment KG	Karlsruhe, Germany	SOFDL	0.1	85.1	EUR	2,791	2,791	
BDH Development Sp. z o.o.	Lodz, Poland	SOUNT	100.0		PLN	92,674	–4,649	
Bridge Re Limited	Hamilton, Bermuda	SOFDL	100.0		USD	564	140	
CB Building Kirchberg GmbH	Düsseldorf, Germany	SOUNT	100.0		EUR	8,510	2,005	
CBG Commerz Beteiligungs-gesellschaft Holding mbH	Frankfurt/Main, Germany	BETGE	100.0		EUR	6,137	–	a)
CBG Commerz Beteiligungskapital GmbH & Co. KG	Frankfurt/Main, Germany	BETGE	100.0		EUR	65,768	6,378	
CFB-Fonds Transfair GmbH	Düsseldorf, Germany	SOFDL	100.0		EUR	1,176	–	a)
CIMONUSA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	SOFDL	100.0		EUR	12,936	–	1) a)
Coba Vermögensverwaltungs-gesellschaft mbH	Düsseldorf, Germany	SOUNT	100.0		EUR	26	–	a)
comdirect bank Aktiengesellschaft	Quickborn, Germany	KREDI	81.3		EUR	467,084	55,624	
Commerz (East Asia) Limited	Hong Kong, Hong Kong	SOFDL	100.0		EUR	4,137	1,198	
Commerz Asset Management Asia Pacific Pte Ltd	Singapore, Singapore	BETGE	100.0		SGD	26,814	–1,167	
Commerz Bankenholding Nova GmbH	Frankfurt/Main, Germany	BETGE	100.0		EUR	1,416,644	–	a)
Commerz Business Consulting GmbH	Frankfurt/Main, Germany	SOUNT	100.0		EUR	–660	–	a)
Commerz Direktservice GmbH	Duisburg, Germany	SOUNT	100.0		EUR	–1,104	–	a)
Commerz Equipment Leasing Limited	London, United Kingdom	SOUNT	100.0		GBP	0	0	

Name	Registered office	Business purpose	Share of capital held %	Voting rights (where different) %	Currency	Equity 1,000	Net profit or loss 1,000	
Commerz Funds Solutions S.A.	Luxembourg, Luxembourg	KAFOG	100.0		EUR	10,735	3,528	
Commerz Grundbesitz Beteiligungsgesellschaft mbH & Co. KG	Frankfurt/Main, Germany	BETGE	90.0		EUR	14,740	–1,476	
Commerz Markets LLC	Wilmington, Delaware, USA	SOFDL	100.0		USD	516,762	32,272	
Commerz Pearl Limited	London, United Kingdom	SOFDL	100.0		GBP	23	3	
Commerz Property GmbH & Co. Hamburg KG	Frankfurt/Main, Germany	SOUNT	100.0		EUR	6,116	1,556	
Commerz Real AG	Eschborn, Germany	SOFDL	100.0		EUR	408,394	–	a)
Commerz Real Asset Verwaltungsgesellschaft mbH	Grünwald, Germany	SOFDL	100.0		EUR	25	–	a)
Commerz Real Baumanagement GmbH	Düsseldorf, Germany	SOUNT	100.0		EUR	4,238	–	a)
Commerz Real Fonds Beteiligungsgesellschaft mbH	Düsseldorf, Germany	SOUNT	100.0		EUR	151	–	a)
Commerz Real Investmentgesellschaft mbH	Wiesbaden, Germany	KAFOG	100.0		EUR	21,968	–	a)
Commerz Real Kapitalverwaltungsgesellschaft mbH	Düsseldorf, Germany	KAFOG	100.0		EUR	5,000	–	a)
Commerz Real Mobilienleasing GmbH	Düsseldorf, Germany	SOFDL	100.0		EUR	5,310	–	a)
Commerz Real Verwaltung und Treuhand GmbH	Düsseldorf, Germany	SOFDL	100.0		EUR	26	–	a)
Commerz Securities Hongkong Limited	Hong Kong, Hong Kong	SOFDL	100.0		EUR	10,917	342	
Commerz Services Holding GmbH	Frankfurt/Main, Germany	BETGE	100.0		EUR	14,929	–	a)
Commerz Systems GmbH	Frankfurt/Main, Germany	SOUNT	100.0		EUR	5,560	–	a)
Commerz Transaction Services Finance GmbH	Halle (Saale), Germany	SOUNT	100.0		EUR	1,550	–	a) b)
Commerz Transaction Services Mitte GmbH	Erfurt, Germany	SOUNT	100.0		EUR	2,150	–	a) b)
Commerz Transaction Services Nord GmbH	Magdeburg, Germany	SOUNT	100.0		EUR	1,439	–	a) b)
Commerz Transaction Services Ost GmbH	Halle (Saale), Germany	SOUNT	100.0		EUR	1,550	–	a) b)
Commerz Transaction Services West GmbH	Hamm, Germany	SOUNT	100.0		EUR	885	–	a) b)
Commerzbank (Eurasija) SAO	Moscow, Russia	KREDI	100.0		RUB	12,494,116	2,402,953	
Commerzbank Asset Management Asia Ltd.	Singapore, Singapore	SOFDL	100.0		SGD	1,892	–46	
Commerzbank Auslandsbanken Holding AG	Frankfurt/Main, Germany	BETGE	100.0		EUR	183,000	–	a) b)
Commerzbank Capital Investment Company Limited	London, United Kingdom	BETGE	100.0		GBP	0	0	
Commerzbank Finance 3 S.à.r.l.	Luxembourg, Luxembourg	SOFDL	100.0		EUR	770	–15	
Commerzbank Finance BV	Amsterdam, Netherlands	BETGE	100.0		EUR	1,311	80	

Name	Registered office	Business purpose	Share of capital held %	Voting rights (where different) %	Currency	Equity 1,000	Net profit or loss 1,000	
Commerzbank Finance Limited	London, United Kingdom	SOFDL	100.0		GBP	227,952	60,094	
Commerzbank Holdings (UK) Limited	London, United Kingdom	SOFDL	100.0		GBP	15,882	30,585	
Commerzbank Holdings France	Paris, France	SOFDL	100.0		EUR	76,581	−627	
Commerzbank Immobilien- und Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main, Germany	BETGE	100.0		EUR	462,597	–	a)
Commerzbank Inlandsbanken Holding GmbH	Frankfurt/Main, Germany	BETGE	100.0		EUR	2,312,109	–	a)
Commerzbank International S.A.	Luxembourg, Luxembourg	KREDI	100,0		EUR	323,234	−1,432	
Commerzbank Leasing 2 S.à.r.l.	Luxembourg, Luxembourg	SOFDL	100.0		GBP	19,094	15,217	
Commerzbank Leasing 4 S.e.n.c.	Luxembourg, Luxembourg	SOFDL	100.0		GBP	45	−4,830	2)
Commerzbank Leasing 5 S.e.n.c.	Luxembourg, Luxembourg	SOFDL	100.0		GBP	123	−10,257	3)
Commerzbank Leasing 6 S.à.r.l.	Luxembourg, Luxembourg	SOFDL	100.0		GBP	111	0	
Commerzbank Leasing December (1) Limited	London, United Kingdom	SOFDL	100.0		GBP	334	−10	
Commerzbank Leasing December (12) Limited	London, United Kingdom	SOFDL	100.0		GBP	551	24	
Commerzbank Leasing December (13) Limited	London, United Kingdom	SOUNT	100.0		GBP	0	0	
Commerzbank Leasing December (26) Limited	London, United Kingdom	SOUNT	100.0		GBP	0	0	
Commerzbank Leasing December (3) Limited	London, United Kingdom	SOFDL	100.0		GBP	681	−82	
Commerzbank Leasing Holdings Limited	London, United Kingdom	SOFDL	100.0		GBP	1,028	−2,741	
Commerzbank Leasing Limited	London, nited Kingdom	SOFDL	100.0		GBP	1,378	129	
Commerzbank Leasing March (3) Limited	London, United Kingdom	SOUNT	100.0		GBP	353	217	
Commerzbank Leasing September (5) Limited	London, United Kingdom	SOFDL	100.0		GBP	38	6	
Commerzbank Securities Ltd	London, United Kingdom	SOUNT	100.0		GBP	10	0	
Commerzbank Securities Nominees Limited	London, United Kingdom	SOUNT	100.0		GBP	0	0	
Commerzbank U.S. Finance, Inc.	Wilmington, Delaware, USA	SOFDL	100.0		USD	338	2	
Commerzbank Zrt.	Budapest, Hungary	KREDI	100.0		HUF	27,779,035	762,229	
CommerzFactoring GmbH	Mainz, Germany	SOFDL	50.1		EUR	977	–	a)
CR KaiserKarree Holding S.a.r.l.	Luxembourg, Luxembourg	SOFDL	100.0		EUR	−42,955	−5,918	
Dom Maklerski mBanku S.A.	Warsaw, Poland	SOFDL	100.0		PLN	133,482	22,320	
Dr. Gubelt Beteiligungsgesellschaft mbH & Co. Alpha Objekt Hauptverwaltung Frankfurt KG	Düsseldorf, Germany	SOUNT	0.0		EUR	−47,573	13,361	c)
Dr. Gubelt Beteiligungsgesellschaft mbH & Co. Beta Objekt Hauptverwaltung Frankfurt KG	Düsseldorf, Germany	SOUNT	0.0		EUR	−47,609	13,361	c)

Name	Registered office	Business purpose	Share of capital held %	Voting rights (where different) %	Currency	Equity 1,000	Net profit or loss 1,000	
Dr. Gubelt Beteiligungsgesellschaft mbH & Co. Objekt Erfurt KG	Düsseldorf, Germany	SOUNT	0.1		EUR	– 6,569	1,605	c)
Dr. Gubelt Beteiligungsgesellschaft mbH & Co. Objekt Halle Am Markt KG	Düsseldorf, Germany	SOUNT	6.0	5.9	EUR	– 4,409	508	c)
Dr. Gubelt Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Düsseldorf Breite Straße KG	Düsseldorf, Germany	SOUNT	0.0		EUR	4,525	1,083	c)
Dr. Gubelt Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Essen Lindenallee KG	Düsseldorf, Germany	SOUNT	0.0		EUR	– 7,426	98	c)
Dr. Gubelt Grundstücks-Vermietungs-gesellschaft mbH & Co. Objekt Frankfurt Neue Mainzer Straße KG	Düsseldorf, Germany	SOUNT	0.0		EUR	– 53,341	489	c)
Dr. Gubelt Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Schwabing KG	Düsseldorf, Germany	SOUNT	1.6	10.0	EUR	388	– 4,041	c)
Dresdner Capital LLC I	Wilmington, Delaware, USA	SOFDL	100.0		USD	715,453	– 38,810	
Dresdner Capital LLC IV	Wilmington, Delaware, USA	SOFDL	100.0		JPY	6,112,976	– 319,943	
Dresdner Kleinwort & Co. Holdings, Inc.	Wilmington, Delaware, USA	SOFDL	100.0		USD	51,921	– 13,958	
Dresdner Kleinwort Capital Inc.	Wilmington, Delaware, USA	SOFDL	100.0		USD	11,717	6	
Dresdner Kleinwort do Brasil Limitada	Rio de Janeiro, Brazil	SOFDL	100.0		BRL	– 32,074	– 177	
Dresdner Kleinwort EIV Manager, Inc.	Wilmington, Delaware, USA	SOUNT	100.0		USD	– 18	0	
Dresdner Kleinwort Finance Inc.	Wilmington, Delaware, USA	SOFDL	100.0		USD	3,488	62	
Dresdner Kleinwort Flags Inc.	Wilmington, Delaware, USA	BETGE	100.0		USD	140,478	– 1	
Dresdner Kleinwort Group Holdings, LLC	Wilmington, Delaware, USA	SOFDL	100.0		USD	329,414	– 1	
Dresdner Kleinwort Group LLC	Wilmington, Delaware, USA	SOFDL	100.0		USD	394,664	– 1	
Dresdner Kleinwort Holdings II, Inc.	Wilmington, Delaware, USA	BETGE	100.0		USD	2,153	188	
Dresdner Kleinwort Holdings LLC	Wilmington, Delaware, USA	BETGE	100.0		USD	26,424	– 13,772	
Dresdner Kleinwort LLC	Wilmington, Delaware, USA	SOFDL	100.0		USD	34,162	– 1	
Dresdner Kleinwort Luminary Inc.	Wilmington, Delaware, USA	SOFDL	100.0		USD	741,434	4,456	
Dresdner Kleinwort Moon LLC	Wilmington, Delaware, USA	SOFDL	100.0		USD	15,384	– 3,599	
Dresdner Kleinwort Services (Guernsey) Limited	St. Peter Port, Guernsey	SOUNT	100.0		GBP	2	0	
Dresdner Kleinwort Wasserstein Securities (India) Private Limited	Mumbai, India	SOFDL	75.0		INR	13,209	238	
Dresdner Lateinamerika Aktiengesellschaft	Hamburg, Germany	SOFDL	100.0		EUR	30,840	–	a)
DSB Vermögensverwaltungs-gesellschaft mbH	Frankfurt/Main, Germany	SOFDL	100.0		EUR	217,088	–	a)
EHY Real Estate Fund I, LLC	Wilmington, Delaware, USA	BETGE	100.0		USD	– 3,465	– 33	

Name	Registered office	Business purpose	Share of capital held %	Voting rights (where different) %	Currency	Equity 1,000	Net profit or loss 1,000	
Entertainment Asset Holdings C.V.	Amsterdam, Netherlands	SOUNT	58.2		USD	0	0	
Entertainment Asset Holdings GP B.V.	Amsterdam, Netherlands	SOFDL	100.0		USD	–681	–119	
Erste Europäische Pfandbrief- und Kommunalkreditbank Aktiengesellschaft in Luxembourg	Luxembourg, Luxembourg	KREDI	100.0		EUR	757,178	79,608	
Eschborn Capital LLC	Wilmington, Delaware, USA	SOFDL	100.0		USD	7,315	–964	
Eurohypo Capital Funding LLC II	Wilmington, Delaware, USA	SOFDL	100.0		EUR	4	0	
Eurohypo Capital Funding Trust II	Wilmington, Delaware, USA	SOFDL	100.0		EUR	1	0	
European Bank for Financial Services GmbH	Aschheim, Germany	KREDI	100.0		EUR	33,310	6,510	
FABA Vermietungsgesellschaft mbH	Frankfurt/Main, Germany	SOFDL	100.0		EUR	26	–	a)
Felix (CI) Limited	George Town, Cayman Islands	SOUNT	100.0		GBP	26	0	
Film Library Holdings LLC	Wilmington, Delaware, USA	SOUNT	51.0		USD	14,250	2,672	
Frega Vermögensverwaltungs-gesellschaft mbH	Frankfurt/Main, Germany	SOUNT	100.0		EUR	27,405	27,374	
Garbary Sp. z.o.o.	Poznan, Poland	SOUNT	100.0		PLN	43,297	–2,089	
GRAMOLINDA Vermietungsgesellschaft mbH	Grünwald, Germany	SOFDL	50.0		EUR	1	–25	
GRAMOLINDA Vermietungsgesellschaft mbH & Co. Objekt Frankfurt KG	Grünwald, Germany	SOUNT	94.0	40.0	EUR	–26	17	
Greene Elm Trading I LLC	Wilmington, Delaware, USA	SOFDL	100.0		USD	6,320	95	
Greene Elm Trading II LLC	Wilmington, Delaware, USA	SOFDL	100.0		USD	10,390	171	
Greene Elm Trading III LLC	Wilmington, Delaware, USA	SOFDL	100.0		USD	10,884	183	
Greene Elm Trading IV LLC	Wilmington, Delaware, USA	SOFDL	100.0		USD	9,456	146	
Greene Elm Trading V LLC	Wilmington, Delaware, USA	SOFDL	100.0		USD	100,000	–13,508	
Greene Elm Trading VI LLC	Wilmington, Delaware, USA	SOFDL	100.0		USD	11,758	185	
Gresham Leasing March (1) Limited	London, United Kingdom	SOUNT	100.0		GBP	0	0	
Gresham Leasing March (2) Limited	London, United Kingdom	SOFDL	25.0	100.0	GBP	2,495	30	
Groningen Urban Invest B.V.	Amsterdam, Netherlands	SOUNT	100.0		EUR	0	0	
Herradura Ltd	London, United Kingdom	SOFDL	100.0		GBP	5	0	
Hurley Investments No.3 Limited	George Town, Cayman Islands	SOFDL	100.0		GBP	0	0	
Hypothekenbank Frankfurt AG	Eschborn, Germany	KREDI	100.0		EUR	4,973,320	–	a)
Kommanditgesellschaft MS "CPO ALICANTE" Offen Reederei GmbH & Co.	Hamburg, Germany	SOUNT	90.0		EUR	18,559	–1,869	b)

Name	Registered office	Business purpose	Share of capital held %	Voting rights (where different) %	Currency	Equity 1,000	Net profit or loss 1,000	
Kommanditgesellschaft MS "CPO ANCONA" Offen Reederei GmbH & Co.	Hamburg, Germany	SOUNT	77.5	77.4	EUR	34,975	–649	b)
Kommanditgesellschaft MS "CPO BILBAO" Offen Reederei GmbH & Co.	Hamburg, Germany	SOUNT	90.0		EUR	17,062	–1,892	b)
Kommanditgesellschaft MS "CPO MARSEILLE" Offen Reederei GmbH & Co.	Hamburg, Germany	SOUNT	77.5		EUR	31,061	4,785	b)
Kommanditgesellschaft MS "CPO PALERMO" Offen Reederei GmbH & Co.	Hamburg, Germany	SOUNT	73.9		EUR	43,007	2,939	b)
Kommanditgesellschaft MS "CPO TOULON" Offen Reederei GmbH & Co.	Hamburg, Germany	SOUNT	90.0		EUR	28,737	–5,888	b)
Kommanditgesellschaft MS "CPO VALENCIA" Offen Reederei GmbH & Co.	Hamburg, Germany	SOUNT	90.0		EUR	18,988	853	b)
LUGO Photovoltaik Beteiligungsgesellschaft mbH	Düsseldorf, Germany	SOFDL	100.0		EUR	–7,740	2,992	
Marylebone Commercial Finance (2)	London, United Kingdom	SOUNT	100.0		GBP	0	0	
mBank Hipoteczny S.A.	Warsaw, Poland	KREDI	100.0		PLN	770,557	11,585	
mBank S.A.	Warsaw, Poland	KREDI	69.5		PLN	11,899,652	1,268,660	
mCentrum Operacji Sp. z o.o.	Lodz, Poland	SOUNT	100.0		PLN	34,803	–64	
MERKUR Grundstücks GmbH	Frankfurt/Main, Germany	SOFDL	100.0		EUR	8,735	–	a)
mFaktoring S.A.	Warsaw, Poland	SOFDL	100.0		PLN	59,410	–27,124	
mFinance France S.A.	Paris, France	SOFDL	100.0		EUR	447	–2	
mLeasing Sp. z o.o.	Warsaw, Poland	SOFDL	100.0		PLN	275,783	46,067	
mLocum S.A.	Lodz, Poland	SOUNT	80.0		PLN	163,142	14,540	
MOLARIS Verwaltungs- und Vermietungsgesellschaft mbH	Düsseldorf, Germany	SOFDL	25.0		EUR	664	2,255	c)
mWealth Management S.A.	Warsaw, Poland	SOFDL	100.0		PLN	43,243	22,090	
NAVIPOS Schiffsbeteiligungs-gesellschaft mbH	Hamburg, Germany	SOFDL	100.0		EUR	11,977	11,778	b)
Netherlands Urban Invest B.V.	Amsterdam, Netherlands	SOUNT	100.0		EUR	0	0	
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekte Plön und Preetz KG	Düsseldorf, Germany	SOFDL	90.0	65.0	EUR	–148	77	
NOVELLA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	SOFDL	100.0		EUR	11,176	–	a)
Number X Bologna S.r.l.	Milan, Italy	SOUNT	100.0		EUR	0	0	
Number X Real Estate GmbH	Eschborn, Germany	BETGE	100.0		EUR	3,403	–7,500	
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Luna KG	Grünwald, Germany	SOUNT	100.0	51.0	EUR	5,988	2,156	
Pisces Nominees Limited	London, United Kingdom	SOFDL	100.0		GBP	0	0	
REFUGIUM Beteiligungsgesellschaft mbH	Grünwald, Germany	SOFDL	100.0		EUR	8,964	366	
Rood Nominees Limited	London, United Kingdom	SOUNT	100.0		GBP	0	0	
Rook Finance LLC	Wilmington, Delaware, USA	SOFDL	100.0		USD	92,313	240	
SECUNDO Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	SOUNT	100.0		EUR	5,811	–	a)

Name	Registered office	Business purpose	Share of capital held %	Voting rights (where different) %	Currency	Equity 1,000	Net profit or loss 1,000	
Service-Center Inkasso GmbH Düsseldorf	Düsseldorf, Germany	SOUNT	100.0		EUR	241	–	a)
Sterling Energy II LLC	Wilmington, Delaware, USA	SOFDL	100.0		USD	69,239	–5,039	
Sterling Energy LLC	Wilmington, Delaware, USA	SOFDL	100.0		USD	134,172	–545	
Tele-Tech Investment Sp. z.o.o.	Warsaw, Poland	BETGE	100.0		PLN	510	–138	
Thurlaston Finance Limited	George Town, Cayman Islands	SOUNT	100.0		GBP	0	0	
TOMO Vermögensverwaltungs-gesellschaft mbH	Frankfurt/Main, Germany	BETGE	100.0		EUR	22,778	–	a)
Twins Financing LLC	Dover, Delaware, USA	SOUNT	60.0		USD	14,028	2,995	
Urban Invest Holding GmbH	Eschborn, Germany	BETGE	100.0		EUR	11,497	–1,896	
Watling Leasing March (1)	London, United Kingdom	SOUNT	100.0		GBP	0	0	
WebTek Software Private Limited	Bangalore, India	SOUNT	100.0		INR	197,890	–16,675	
Wilmots Leasing AB	Stockholm, Sweden	SOFDL	100.0		SEK	50	0	
Yarra Finance Limited	George Town, Cayman Islands	SOUNT	100.0		GBP	0	0	
Zelos Luxembourg S.C.S.	Luxembourg, Luxembourg	BETGE	100.0		EUR	–18,911	–13,716	

b) Affiliated companies not included in the Group financial statement due to their minor significance

Name	Registered office	Share of capital held %	Voting rights (where different) %	
1. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
10. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
11. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
12. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
13. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
14. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
14. CR Immobilien-Vermietungsgesellschaft mbH & Co. Objekt Berlin Lindencorso KG	Düsseldorf, Germany	81.4		
2. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
2. CR Immobilien-Vermietungsgesellschaft mbH & Co. Objekt Balingen KG	Düsseldorf, Germany	73.4	73.6	
2. CR Immobilien-Vermietungsgesellschaft mbH & Co. Objekt Heilbronn KG	Düsseldorf, Germany	78.1	78.3	
3. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
4. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
5. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
6. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
7. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
8. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
9. CR Fonds-Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ABALINGA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
ABANTITIM Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ABANTUM Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ABELASSA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ABORONUM Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ACARINA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ACCESSA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ACCOMO Hotel HafenCity GmbH & Co. Geschlossene Investment KG	Düsseldorf, Germany	100.0		4)
ACCOMO Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ACILIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
ACINA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ACOLA Grundstücks-Vermietungsgesellschaft mbH	Grünwald, Germany	100.0		
ACONITA Grundstücks-Vermietungsgesellschaft mbH	Frankfurt/Main, Germany	0.0		c)
ACRONA Photovoltaik-Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		
Actium Leasobjekt Gesellschaft mbH	Frankfurt/Main, Germany	100.0		a)
ACTOSA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ADAMANTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ADAMANTA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Elbphilharmonie KG	Düsseldorf, Germany	50.0		
ADELIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ADELIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin Teltow KG	Düsseldorf, Germany	94.9	94.6	
ADENARA Flugzeug-Leasinggesellschaft mbH	Düsseldorf, Germany	100.0		
ADRUGA Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ADURAMA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
AFORTUNA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		

Name	Registered office	Share of capital held %	Voting rights (where different) %	
AGALINA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
AGARBA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
AGASILA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
AHOIH Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		
AHOTELLO Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		
AJOLA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
AJUNTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
AKERA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
ALACRITAS Verwaltungs- und Treuhand GmbH	Düsseldorf, Germany	100.0		
ALBELLA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
ALBOLA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
ALCARDA Beteiligungsgesellschaft mbH i.L.	Düsseldorf, Germany	100.0		5)
ALDINGA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
ALDULA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
ALEMONA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
ALFUTURA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ALICANTE NOVA Shipping Limited	Monrovia, Liberia	100.0		
ALISETTA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
ALIVERA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ALLATA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	94.0		
ALMARENA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ALMARENA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin KG	Düsseldorf, Germany	0.0	50.0	c)
ALMONDA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ALMURUS Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf, Germany	100.0		6)
ALSANTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ALSANTA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekte RiCö KG	Düsseldorf, Germany	0.0	85.0	
ALSENNA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ALUBRA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
ALVENTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ALVINA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ALZOLA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		
AMALIA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
AMENA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
AMERA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
AMONEUS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
AMTERA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ANBANA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ANCAVA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ANCONA NOVA Shipping Limited	Monrovia, Liberia	100.0		
ANDINO Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		a)
ANDINO Dritte Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		a)
ANDINO Vierte Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ANDINO Zweite Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		7) a)
Anthusa Alpha GmbH	Eschborn, Germany	100.0		
Anthusa Beta GmbH	Eschborn, Germany	100.0		
ARAFINA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		

Name	Registered office	Share of capital held %	Voting rights (where different) %	
ARAUNA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	0.0		c)
ARBITRIA Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
AREBA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
Ariondaz SAS	Paris, France	100.0		
ARMILLA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ARVINA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
ASCARA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ASCETO Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ASERTUNA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ASKANZA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ASKIBA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
Aspiro net Sp. z.o.o. w likwidacji	Lodz, Poland	100.0		
ASSANDRA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ASSENTO Photovoltaik-Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ASSERTA Flugzeug-Leasinggesellschaft mbH	Düsseldorf, Germany	100.0		
ASTRADA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
Atlas-Alpha GmbH	Frankfurt/Main, Germany	100.0		a)
ATUNO Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
AURESTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
AVALERIA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		
AVALERIA Hotel HafenCity GmbH & Co. KG	Hamburg, Germany	94.8	0.1	8)
AVANCIA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
AVARICA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
AVERTUM Flugzeug-Leasinggesellschaft mbH	Düsseldorf, Germany	100.0		
AVERTUM Flugzeug-Leasinggesellschaft mbH & Co. Zweite Legacy 600 KG	Düsseldorf, Germany	100.0		
AVIO Verwaltung und Treuhand GmbH	Düsseldorf, Germany	100.0		
AVOLO Flugzeugleasinggesellschaft mbH	Karlsruhe, Germany	100.0		
AWINTO Beteiligungs GmbH & Co. KG	Düsseldorf, Germany	100.0		
AWINTO Verwaltungsgesellschaft mbH	Düsseldorf, Germany	100.0		
BENE Verwaltung und Treuhand GmbH	Düsseldorf, Germany	0.0		c)
BERGA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG	Grünwald, Germany	100.0	19.0	
Beteiligungsgesellschaft für Industrie und Handel mbH	Frankfurt/Main, Germany	100.0		
BILBAO NOVA Shipping Limited	Monrovia, Liberia	100.0		
Blue Amber Fund Management S.A.	Luxembourg, Luxembourg	100.0		
BONITAS Mobilien-Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
BONITAS Mobilien-Vermietungsgesellschaft mbH & Co. Objekt Alzenau KG	Düsseldorf, Germany	0.0		c)
BONITAS Mobilien-Vermietungsgesellschaft mbH & Co. Objekt Friedrichshafen KG	Düsseldorf, Germany	0.0	51.0	c)
BONITAS Mobilien-Vermietungsgesellschaft mbH & Co. Objekt Lauchhammer KG	Berlin, Germany	0.0		c)
BRE Property Partner Sp. z o.o.	Warsaw, Poland	100.0		
Bremen Airportcity HKS GmbH	Frankfurt/Main, Germany	100.0		9) a)
Bremen Airportcity OLTS GmbH	Frankfurt/Main, Germany	100.0		10) a)
Call Center Poland S.A.	Warsaw, Poland	100.0		
Call Center Poland Sp. z o.o.	Warsaw, Poland	100.0		
Call Connect Sp. z o.o.	Warsaw, Poland	100.0		
CB Lux Kirchberg GmbH	Frankfurt/Main, Germany	100.0		

Name	Registered office	Share of capital held %	Voting rights (where different) %	
CBG Commerz Beteiligungskapital Verwaltungs GmbH	Frankfurt/Main, Germany	100.0		
CCR Courtage i.L.	Paris, France	100.0		
CERI International Sp. z o.o.	Lodz, Poland	100.0		
CG Japan GmbH	Wiesbaden, Germany	100.0		
CG Real Estate Luxembourg S.à.r.l.	Luxembourg, Luxembourg	100.0		
CGI Stadtgalerie Schweinfurt Verwaltungs- GmbH	Wiesbaden, Germany	100.0		
CGI Victoria Square Limited	London, United Kingdom	100.0		
CGI Victoria Square Nominees Limited	London, United Kingdom	100.0		
CIV GmbH Beta	Frankfurt/Main, Germany	100.0		
COLLEGIUM GLASHÜTTEN Zentrum für Kommunikation Gesellschaft mit beschränkter Haftung	Glashütten, Germany	100.0		a)
Commerz (Nederland) N.V.	Amsterdam, Netherlands	100.0		
Commerz Brasil Holding e Servicos Ltda.	Sao Paulo, Brazil	100.0		
Commerz Building and Management GmbH	Essen, Germany	100.0		a)
Commerz Europe (Ireland)	Dublin, Ireland	100.0		
Commerz GOA Realty Associates LLC	New York, USA	49.0	50.0	c)
Commerz Grundbesitz Gestao de Centros Commerciais, Sociedade Unipessoal, Lda.	Lisbon, Portugal	100.0		
Commerz Keyes Avenue Properties (Proprietary) Ltd.	Johannesburg, South Africa	100.0		
Commerz Management Services Limited	Dublin, Ireland	100.0		
Commerz Nominees Limited	London, United Kingdom	100.0		
Commerz Property GmbH	Frankfurt/Main, Germany	100.0		a)
Commerz Real Asia Pacific Limited	Hong Kong, Hong Kong	100.0		
Commerz Real Asset Structuring GmbH	Düsseldorf, Germany	100.0		
Commerz Real Beteiligungsgesellschaft mbH	Düsseldorf, Germany	22.9	23.0	c)
Commerz Real Finanzierungsleasing GmbH	Düsseldorf, Germany	100.0		a)
Commerz Real Fund Management S.à.r.l.	Luxembourg, Luxembourg	100.0		
Commerz Real Nederland B. V.	Amsterdam, Netherlands	100.0		
Commerz Real Southern Europe GmbH	Wiesbaden, Germany	100.0		
Commerz Real Western Europe GmbH	Wiesbaden, Germany	100.0		
Commerz Realty Associates GP V, LLC	Wilmington, Delaware, USA	49.0	50.0	
Commerz Regulatory Models GmbH	Frankfurt/Main, Germany	85.0		
Commerz Trade Services Sdn. Bhd.	Kuala Lumpur, Malaysia	100.0		
Commerz Trade Services Sociedad Anónima	San José, Costa Rica	100.0		
Commerz Transaction Services Logistics GmbH	Magdeburg, Germany	100.0		a)
Commerzbank Brasil S.A. - Banco Múltiplo	Sao Paulo , Brazil	100.0		
Commerzbank Capital Management Unternehmensbeteiligungs GmbH	Frankfurt/Main, Germany	100.0		a)
Commerzbank Investments (UK) Limited	London, United Kingdom	100.0		
Commerzbank Leasing December (6) Limited	London, United Kingdom	100.0		
Commerzbank Pension Trustees Limited	London, United Kingdom	100.0		
Commerzbank Representative Office Nigeria Limited	Lagos, Nigeria	100.0		
Commerzbank Representative Office Panama, S.A.	City of Panama, Panama	100.0		
Commerzbank Sao Paulo Servicos Ltda.	Sao Paulo, Brazil	100.0		
CommerzKommunalbau GmbH	Düsseldorf, Germany	100.0		
CommerzLeasing Anlagen-Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
CommerzLeasing GmbH	Düsseldorf, Germany	100.0		
CommerzStiftungsTreuhand GmbH	Frankfurt/Main, Germany	100.0		
CommerzTrust GmbH	Frankfurt/Main, Germany	100.0		

Name	Registered office	Share of capital held %	Voting rights (where different) %	
CommerzVentures GmbH	Frankfurt/Main, Germany	100.0		
ContactPoint Sp. z o.o.	Warsaw, Poland	100.0		
Crédito Germánico S.A.	Montevideo, Uruguay	100.0		
CRI Erste Beteiligungsgesellschaft mbH	Wiesbaden, Germany	100.0		
CSA COMMERZ SOUTH AFRICA (PROPRIETARY) LIMITED	Johannesburg, South Africa	100.0		
CSK Sp. z.o.o.	Lodz, Poland	100.0		
DAUNUS Vermietungsgesellschaft mbH	Grünwald, Germany	0.0		a) c)
Delphi I Eurohypo LLC	Wilmington, Delaware, USA	100.0		
DFI S.r.l. in liquidazione	Milan, Italy	100.0		
Dr. Gubelt Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Dortmund KG	Düsseldorf, Germany	0.0		c)
Dr. Gubelt Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Duisburg KG	Düsseldorf, Germany	0.0		c)
Dr. Gubelt Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Potsdam Alte Wache KG i.L.	Düsseldorf, Germany	0.0		11) c)
Dr. Gubelt Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Wuppertal KG	Düsseldorf, Germany	100.0	99.9	
DRABELA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	50.0		c)
DREBOSTA Grundstücks-Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)
DREBOSTA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Schwerin KG	Grünwald, Germany	0.0		c)
DREDOLA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	50.0		c)
DREFLORA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	50.0		c)
DREFUMA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	50.0		c)
DRELARA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	50.0		c)
DRELOBA Grundstücks-Vermietungsgesellschaft & Co. Objekt Gevelsberg KG	Grünwald, Germany	0.0		c)
DRELOBA Grundstücks-Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)
DRELOSINA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	50.0		c)
DRENITA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	50.0		c)
DRESANA Vermietungsgesellschaft mbH	Düsseldorf, Germany	50.0		c)
Dresdner Kleinwort Derivative Investments Limited	London, United Kingdom	100.0		
DRETERUM Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	50.0		c)
DREVERA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	50.0		c)
Elfte Umbra Vermögensverwaltungsgesellschaft mbH	Frankfurt/Main, Germany	100.0		a)
EuREAM GmbH	Wiesbaden, Germany	100.0		
Fernwärmenetz Leipzig GmbH	Leipzig, Germany	100.0		
FLOR Vermietungsgesellschaft mbH	Grünwald, Germany	0.0		a) c)
FORNAX Kraftwerk-Beteiligungsgesellschaft mbH	Grünwald, Germany	50.0		c)
Forum Algarve - Gestao de Centro comercial, Sociedade Unipessoal, Lda.	Lisbon, Portugal	100.0		
Frankfurter Gesellschaft für Vermögensanlagen mit beschränkter Haftung	Eschborn, Germany	100.0		a)
FUHRTIVUS Grundstücks-Vermietungsgesellschaft Objekt Lauchhammer mbH	Düsseldorf, Germany	0.0		c)
Galbraith Investments Limited	London, United Kingdom	100.0		
General Leasing (No.16) Limited	London, United Kingdom	100.0		
Gesellschaft für Kreditsicherung mbH	Berlin, Germany	63.3		
GIE Dresdner Kleinwort France i.L.	Paris, France	100.0		
GIE Victoria Aéronautique	Paris, France	100.0		
GO German Office GmbH	Wiesbaden, Germany	100.0		a)

Name	Registered office	Share of capital held %	Voting rights (where different) %	
gr Grundstücks GmbH Objekt Corvus & Co. Sossenheim KG i.L.	Eschborn, Germany	100.0		12)
gr Grundstücks GmbH Objekt Corvus i.L.	Eschborn, Germany	100.0		13)
GRABINO Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		
GRADARA Vermietungsgesellschaft mbH	Grünwald, Germany	0.0		c)
GRAFINO Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		
GRAFINO Vermietungsgesellschaft mbH & Co. Objekt Sendlinger Alm KG	Grünwald, Germany	100.0	15.0	
GRALANA Vermietungsgesellschaft mbH	Grünwald, Germany	0.0		c)
GRALIDA Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		
GRAMINA Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)
GRAMOLDISCUS Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		14) c)
GRAMOLSEMPA GmbH	Düsseldorf, Germany	0.0		c)
GRASSANO Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)
GRATNOMA Grundstücks-Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)
GRAVIATION Flugzeug-Vermietungsgesellschaft mbH	Grünwald, Germany	0.0		c)
GRECORA GmbH	Grünwald, Germany	50.0		15) c)
Greene Birch Ltd.	George Town, Cayman Islands	100.0		
Greene Elm Trading IX LLC	Wilmington, Delaware, USA	100.0		
Greene Elm Trading VII LLC	Wilmington, Delaware, USA	100.0		
Greene Elm Trading VIII LLC	Wilmington, Delaware, USA	100.0		
Greene Elm Trading X LLC	Wilmington, Delaware, USA	100.0		
GRENADO Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)
GRENDA Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		
GRESELA Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		
Gresham Leasing March (3) Limited	London, United Kingdom	70.0		
GRETANA Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)
GRILISA Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		
GRINA Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		
GRONDOLA Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)
GROSINA Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Berlin Marzahn KG	Grünwald, Germany	0.6	5.0	c)
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Berlin Weißensee KG	Grünwald, Germany	0.6	5.0	c)
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Chemnitz KG	Grünwald, Germany	0.6	5.0	c)
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Darmstadt KG	Grünwald, Germany	0.6	5.0	c)
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Dreieich KG	Grünwald, Germany	0.6	5.0	c)
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Dresden KG	Grünwald, Germany	0.6	5.0	c)
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Essen KG	Grünwald, Germany	0.6	5.0	c)
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Hannover EXPOPark KG	Grünwald, Germany	0.6	5.0	c)
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Hannover Hauptbetrieb KG	Grünwald, Germany	0.6	5.0	c)
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Leipzig KG	Grünwald, Germany	0.6	5.0	c)
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Saarbrücken KG	Grünwald, Germany	0.6	5.0	c)
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Saarlouis KG	Grünwald, Germany	0.6	5.0	c)
GROSINA Vermietungsgesellschaft mbH & Co. Objekt Stuttgart KG	Grünwald, Germany	0.6	5.0	c)
GROTEGA Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)
GRUMENTO Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)
GRUMONA Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)

Name	Registered office	Share of capital held %	Voting rights (where different) %	
GRUMOSA Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)
GRUNATA Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)
Grupa PINO Sp. z o.o. w likwidacji	Warsaw, Poland	100.0		
H 47 Verwaltungsgesellschaft mbH	Düsseldorf, Germany	94.4	94.0	
HAJOBANTA GmbH	Düsseldorf, Germany	0.0		c)
HAJOBURGA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
HAJOGA-US Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
HAJOLENA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
HAJOLINDA Beteiligungsgesellschaft GmbH	Düsseldorf, Germany	0.0		c)
HAJOLUCA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
HAJOMA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
HAJOMINA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
HAJORALDIA Verwaltung und Treuhand GmbH	Düsseldorf, Germany	0.0		c)
HAJOSINTA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
HAJOSOLA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
HAJOTARA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
Hamudi S.A.	Madrid, Spain	100.0		
Haus am Kai 2 O.O.O.	Moscow, Russia	100.0		
HDW Grundstücks-Vermietungsgesellschaft mbH	Frankfurt/Main, Germany	100.0		
HF Estate Management GmbH	Eschborn, Germany	100.0		a)
HIMUS Grundstücks-Vermietungsgesellschaft mbH	Grünwald, Germany	0.0		a) c)
Histel Beteiligungs GmbH	Frankfurt/Main, Germany	100.0		a)
Immobiliengesellschaft Ost Hägle, spol. s.r.o	Prague, Czech Republic	100.0		
Immobilien-Vermietungsgesellschaft Reeder & Co. Objekt Airport Bürocenter Dresden KG	Dresden, Germany	83.3	82.7	
Immobilienverwaltungsgesellschaft Schlachthof Offenbach mbH	Eschborn, Germany	100.0		
IMMOFIDUCIA Sp. z. o.o.	Warsaw, Poland	100.0		
IMO Autopflege Beteiligungsverwaltungsgesellschaft mbH	Mülheim an der Ruhr, Germany	0.0		c)
IWP International West Pictures GmbH & Co. Erste Produktions KG	Cologne, Germany	95.2		
IWP International West Pictures Verwaltungs GmbH	Cologne, Germany	100.0		
Japanturm Betriebsgesellschaft mbH	Wiesbaden, Germany	100.0		16)
JBBK Verwaltungs S.à.r.l.	Luxembourg, Luxembourg	0.0		c)
JMD III Sp. z o.o.	Warsaw, Poland	100.0		
KENSTONE GmbH	Eschborn, Germany	100.0		a)
KTC Kommunikations- und Trainings-Center Königstein GmbH	Königstein, Germany	100.0		a)
LAUREA MOLARIS Grundstücks-Vermietungsgesellschaft mbH	Ludwigshafen, Germany	100.0		
LIVIDA MOLARIS Grundstücks-Vermietungsgesellschaft mbH	Erfurt, Germany	0.0		c)
LOCO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Air Treads KG i.L.	Düsseldorf, Germany	0.0		c)
LOUISENA Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)
LOUISENA Vermietungsgesellschaft mbH & Co. Objekt Königstein KG	Grünwald, Germany	0.0		c)
LSF Loan Solutions Frankfurt GmbH	Eschborn, Germany	100.0		17) a)
Lufthansa Leasing GmbH & Co. Echo-Oscar KG i. L.	Grünwald, Germany	100.0	99.6	
LUTEA MOLARIS Grundstücks-Vermietungsgesellschaft mbH	Berlin, Germany	0.0		c)
M 31 Beteiligungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
Main Incubator GmbH	Frankfurt/Main, Germany	100.0		
Mana Holdings I LLC	Wilmington, Delaware, USA	100.0		
Mana I LLC	Wilmington, Delaware, USA	100.0		

Name	Registered office	Share of capital held %	Voting rights (where different) %	
Mana II LLC	Wilmington, Delaware, USA	100.0		
Mana III LLC	Wilmington, Delaware, USA	100.0		
Mana IV LLC	Wilmington, Delaware, USA	100.0		
MARBARDA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MARBINO Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MARBREVA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MARBREVA Vermietungsgesellschaft mbH & Co. Objekt AOK Bayern KG	Düsseldorf, Germany	100.0	50.0	c)
MARBREVA Vermietungsgesellschaft mbH & Co. Objekt AOK Rheinland-Pfalz KG	Düsseldorf, Germany	100.0	50.0	c)
MARIUS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MARLINTA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MAROLA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
Marseille Shipping Limited	Monrovia, Liberia	100.0		
Max Lease S.à.r.l.	Luxembourg, Luxembourg	100.0		
mCorporate Finance S.A.	Warsaw, Poland	100.0		
Messestadt Riem “Office am See” I GmbH i.L.	Eschborn, Germany	100.0		a)
Messestadt Riem “Office am See” III GmbH i.L.	Eschborn, Germany	100.0		a)
MLV 45 Sp. z o.o.	Warsaw, Poland	100.0		
MOLANA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLANCONA Vermietungsgesellschaft mbH	Düsseldorf, Germany	50.0		c)
MOLANDA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLANGA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLANKA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLANZIO Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLARELLA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLAREZZO Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLARGA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLARINA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLARIS Beteiligungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLARIS Beteiligungsgesellschaft mbH & Co. Objekt Kurhaus KG	Düsseldorf, Germany	100.0	49.0	c)
MOLARIS Geschäftsführungs GmbH	Düsseldorf, Germany	0.0		c)
MOLARIS Grundstücksverwaltung GmbH	Düsseldorf, Germany	0.0		c)
MOLARIS Immobilienverwaltung GmbH	Düsseldorf, Germany	0.0		c)
MOLARIS Managementgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLARIS Objektverwaltung GmbH	Düsseldorf, Germany	0.0		c)
MOLARISA Vermögensverwaltung mbH	Düsseldorf, Germany	0.0		c)
MOLARISSA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLARISSA Vermietungsgesellschaft mbH & Co. Objekt Detmold KG	Düsseldorf, Germany	0.4	1.0	c)
MOLARONA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLAROSA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLASSA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLATHINA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLBAKKA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLBAMBA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLBARVA Vermietungsgesellschaft mbH	Düsseldorf, Germany	50.0		c)
MOLBERA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLBERNO Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)
MOLBINA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)

Name	Registered office	Share of capital held %	Voting rights (where different) %	
MOLBOLLA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLBONA Vermietungsgesellschaft mbH	Berlin, Germany	50.0		c)
MOLBRIENZA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLBURGA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLCAMPO Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLCENTO Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLCLOSA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLCOCO Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLCORA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLCREDO Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLDANUM Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLDARA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLDEO Mobilien-Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLDEO Mobilien-Vermietungsgesellschaft mbH & Co. Objekt Lünen KG	Düsseldorf, Germany	0.0		c)
MOLDESKA Vermietungsgesellschaft mbH & Co. Objekt Mallersdorf KG	Düsseldorf, Germany	0.0		18) c)
MOLDICMA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLDOMA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLDORA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLDOSSA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLEMPA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLENDRA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLETUM Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLFENNA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLFINO Vermietungsgesellschaft mbH	Berlin, Germany	0.0		c)
MOLFOKKA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLFRIEDA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLFUNDA Vermietungsgesellschaft mbH	Berlin, Germany	0.0		c)
MOLGABA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLGATO Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLGEDI Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLGEKA Vermietungsgesellschaft mbH	Meerbusch, Germany	0.0		c)
MOLGERBA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLGERO Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLGRADO Vermietungsgesellschaft Objekt Göttingen und Oldenburg mbH	Grünwald, Germany	50.0		c)
MOLHABIS Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		19) c)
MOLIGELA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLIGO Vermietungsgesellschaft mbH	Rostock, Germany	0.0		c)
MOLISTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLITA Vermietungsgesellschaft mbH	Hannover, Germany	0.0		c)
MOLKANDIS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLKIRA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLKRIMA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLMARTA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLMELFI Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLMIRA Vermietungsgesellschft mbH	Düsseldorf, Germany	0.0		c)
MOLNERA Vermietungsgesellschaft mbH	Berlin, Germany	0.0		c)
MOLOTA Vermietungsgesellschaft mbH	Frankfurt/Main, Germany	0.0		c)

Name	Registered office	Share of capital held %	Voting rights (where different) %	
MOLPANA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLPATRA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLPERA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLPETTO Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLPIKA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLPIREAS Vermietungsgesellschaft mbH	Düsseldorf, Germany	50.0		c)
MOLPLANTA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLPURA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLRANO Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLRATUS Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
MOLRAWIA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLRESTIA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLRISTA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLRITA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		20) c)
MOLROLA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLRONDA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLRONDA Vermietungsgesellschaft mbH & Co. Objekt Nürnberg KG	Düsseldorf, Germany	0.0		c)
MOLROSSI Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLSANA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLSANTA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLSCHORA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLSIWA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLSOLA Vermietungsgesellschaft mbH	Grünwald, Germany	0.0		c)
MOLSTEFFA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLSTINA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLSURA Vermietungsgesellschaft mbH	Düsseldorf, Germany	50.0		c)
MOLTANDO Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLTARA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLTERAMO Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLTESO Beteiligungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLTIVOLA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLTUNA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLTUNIS Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLUGA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLUNA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLVANI Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLVENTO Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLVERA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLVINA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLVINCA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLVORRA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLWALLA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLWALLA Vermietungsgesellschaft mbH & Co. Objekt Schweinfurt KG	Düsseldorf, Germany	0.4	1.0	c)
MOLWANKUM Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLWARGA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLWORUM Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MOLWORUM Vermietungsgesellschaft mbH & Co. Objekt Ottensen KG	Düsseldorf, Germany	0.4	1.0	c)
MONATA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)

Name	Registered office	Share of capital held %	Voting rights (where different) %	
MONEA Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
Montitail - Gestao de Retail Park, Sociedade Unipessoal Lda.	Lisbon, Portugal	100.0		
MORANO Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
MS "PUCCINI" Verwaltungsgesellschaft mbH	Hamburg, Germany	100.0		
NACOLO Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NACONA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NACONGA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAFARI Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAFIRINA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NASIRO Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NASTO Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAUCULA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAULUMO Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAURANTO Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAURATA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAUSOLA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAUTARO Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAUTESSA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAUTIS Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAUTLUS Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAUTO Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAUTORIA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAUTUGO Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVALIS Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVALIS Schiffsbetriebsgesellschaft mbH & Co. MS "NEDLLOYD JULIANA" KG i.L.	Hamburg, Germany	93.6	92.8	21)
NAVALIS Shipping Limited	Monrovia, Liberia	100.0		
NAVIBOLA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVIBOTO Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVIFIORI Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVIGA Schiffsbeteiligung GmbH	Hamburg, Germany	100.0		
NAVIGATO Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVIGOLO Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVILO Vermietungsgesellschaft mbH	Hamburg, Germany	100.0		
NAVINA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVIRENA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVIROSSA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVITA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVITARIA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVITONI Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVITOSA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVITURA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NAVO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Berlin KG	Düsseldorf, Germany	10.0	15.0	c)
NEPTANA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NEPTILA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NEPTORA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NEPTUGA Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		
NEPTUNO Schiffsbetriebsgesellschaft mbH	Hamburg, Germany	100.0		

Name	Registered office	Share of capital held %	Voting rights (where different) %	
NESTOR Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
NOLICA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	19.0		c)
NORA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Ettlingen KG	Düsseldorf, Germany	0.0	50.0	c)
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Görlitz KG	Düsseldorf, Germany	0.0	50.0	c)
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Koblenz-Kesselheim KG	Düsseldorf, Germany	0.0	50.0	c)
NOSCO Grundstücks-Vermietungsgesellschaft mbH	Mainz, Germany	100.0		
NOTITIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
NOVITAS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
Nr. X Real Estate Hungary Kft. i.L.	Budapest, Hungary	100.0		22)
NUMERIA Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf, Germany	100.0		23)
NURUS Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		a)
Octopus Investment Sp. z o.o.	Warsaw, Poland	100.0		
OPTIO Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
OPTIO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Schönborn KG	Düsseldorf, Germany	0.0		c)
OPTIONA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
ORBITA Kraftwerk-Beteiligungsgesellschaft mbH	Düsseldorf, Germany	50.0		c)
ORBITA Kraftwerk-Beteiligungsgesellschaft mbH & Co. Objekt Kraftwerk Hessen KG	Düsseldorf, Germany	0.0		c)
ORNATUS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	50.0		c)
OSKAR Medienbeteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		
PALERMO Shipping Limited	Monrovia, Liberia	100.0		
PAREO Kraftwerk-Beteiligungsgesellschaft mbH	Leipzig, Germany	100.0		
PATELLA Vermietungsgesellschaft mbH	Berlin, Germany	0.0		c)
Projekt CH Lodz Sp. z o.o.	Warsaw, Poland	95.5		
Property Invest Ferdinando di Savoia S.r.l.	Milan, Italy	100.0		
Property Invest GmbH	Eschborn, Germany	100.0		
Property Invest Italy S.r.l.	Milan, Italy	100.0		
Property Invest Roma S.r.l. i.L.	Milan, Italy	100.0		
Property Partner Sp. z o.o.	Warsaw, Poland	100.0		
Property Rzeczypospolitej 33 Sp. z o.o.	Warsaw, Poland	100.0		
Property Rzeczypospolitej 33 Sp. z o.o. spólka komandytowa	Warsaw, Poland	100.0		
quatron Grundstücks-Vermietungsgesellschaft mbH	Frankfurt/Main, Germany	0.0		c)
RAMONIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
RAPIDA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
RAVENNA Kraków Sp. z.o.o.	Warsaw, Poland	100.0		
RAYMO Erste Portfolio GmbH & Co. KG	Düsseldorf, Germany	100.0	99.5	24)
RAYMO Vierte Portfolio GmbH	Frankfurt/Main, Germany	100.0		25)
RAYMO Zweite Portfolio GmbH & Co. KG	Düsseldorf, Germany	100.0	99.5	26)
RECURSA Grundstücks-Vermietungsgesellschaft mbH	Frankfurt/Main, Germany	100.0		
REGALIS Grundstücks-Vermietungsgesellschaft mbH i.L.	Düsseldorf, Germany	0.0		27) c)
RESIDO Flugzeug-Leasinggesellschaft mbH	Düsseldorf, Germany	100.0		
RIPA Medien-Beteiligungsgesellschaft mbH	Düsseldorf, Germany	100.0		
RIVALIS Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
ROSARIA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		

Name	Registered office	Share of capital held %	Voting rights (where different) %	
ROSATA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ROSEA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Eckental KG	Düsseldorf, Germany	0.0	50.0	c)
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt ISF Sindlingen KG	Düsseldorf, Germany	0.0	50.0	c)
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Veldhoven KG	Düsseldorf, Germany	0.0	35.0	c)
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekte TANK & RAST KG	Düsseldorf, Germany	0.0	50.0	c)
ROSINTA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
ROSOLA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	100.0		
SB-Bauträger Gesellschaft mit beschränkter Haftung	Eschborn, Germany	100.0		a)
SB-Bauträger GmbH & Co. Urbis Hochhaus-KG	Frankfurt/Main, Germany	100.0		
SENATORSKA Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
SILVA Grundstücks-Vermietungsgesellschaft mbH	Frankfurt/Main, Germany	0.0		c)
SOLTRX Transaction Services GmbH	Düsseldorf, Germany	100.0		a)
South East Asia Properties Limited	London, United Kingdom	100.0		
Space Park Erste Verwaltungs GmbH	Frankfurt/Main, Germany	100.0		
Space Park GmbH & Co. KG	Frankfurt/Main, Germany	90.0		
TALORA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
TAMOLDINA Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)
TAMOLTEMPA Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)
TAMOLTESSA Vermietungsgesellschaft mbH	Grünwald, Germany	50.0		c)
TANECTRA Beteiligungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
TARA Immobilien-Verwaltungs-GmbH	Eschborn, Germany	100.0		
TASKABANA erste Immobilien-Vermietungsgesellschaft mbH & Co. Objekt Marl KG	Grünwald, Germany	0.0		c)
TASKABANA erste Mobilien-Vermietungsgesellschaft mbH & Co. Objekt Marl KG	Grünwald, Germany	0.0		c)
TASKABANA Vermietungsgesellschaft mbH	Grünwald, Germany	0.0		c)
TIGNARIS Beteiligungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
TIGNARIS Beteiligungsgesellschaft mbH & Co. Streubesitz KG	Düsseldorf, Germany	94.8		
TIGNARIS Verwaltungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)
TIGNATO Beteiligungsgesellschaft mbH	Eschborn, Germany	100.0		
TIGNATO Beteiligungsgesellschaft mbH & Co. KölnTurm MediaPark KG	Eschborn, Germany	100.0		
TOULON NOVA Shipping Limited	Monrovia, Liberia	100.0		
T-Rex Verwaltungs GmbH	Wiesbaden, Germany	100.0		28)
U.S. Residential I GP, LLC	Wilmington, Delaware, USA	49.0	50.0	c)
U.S. Residential Investment I, L.P.	Wilmington, Delaware, USA	90.0		
VALENCIA NOVA Shipping Limited	Monrovia, Liberia	100.0		
Windsor Asset Management GP Ltd.	Toronto, Canada	49.0	0.0	c)
Windsor Canada Verwaltungsgesellschaft mbH	Düsseldorf, Germany	0.0		c)

2. Associated companies

a) Associated companies in the Group financial statements accounted for using the equity method

Name	Registered office	Share of capital %	Voting rights (where different) %	Currency	Equity 1,000	Net profit or loss 1,000	
AKA Ausfuhrkredit-Gesellschaft mbH	Frankfurt/Main, Germany	31.6		EUR	201,032	14,125	
Argor-Heraeus S.A.	Mendrisio, Switzerland	32.7		CHF	161,662	19,936	
Capital Investment Trust Corporation	Taipeh, Taiwan	24.0		TWD	3,582,389	445,760	
Commerz Finanz GmbH	Munic, Germany	49.9		EUR	852,718	90,635	
Commerz Unternehmensbeteiligungs-Aktiengesellschaft	Frankfurt/Main, Germany	40.0		EUR	91,787	4,579	
COMUNITHY Immobilien GmbH	Düsseldorf, Germany	49.9		EUR	536	–213	
DTE Energy Center, LLC	Wilmington, Delaware, USA	50.0		USD	91,904	11,539	
HAJOBANTA GmbH & Co. Asia Opportunity I KG	Düsseldorf, Germany	21.0		EUR	101,569	–4,156	
ILV Immobilien-Leasing Verwaltungsgesellschaft Düsseldorf mbH	Düsseldorf, Germany	50.0		EUR	6,017	–20,630	c)

b) Associated companies in the Group financial statements not accounted for using the equity method due to their minor significance

Name	Registered office	Share of capital %	Voting rights (where different) %	
AF Eigenkapitalfonds für deutschen Mittelstand GmbH & Co. KG	Munic, Germany	47.4		
AGASILA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Düsseldorf KG	Düsseldorf, Germany	23.4	25.0	
ALIVERA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Düsseldorf-Lichtenbroich KG	Düsseldorf, Germany	5.2	23.0	
Apartamenty Nowej Rzeczypospolitej Sp. z o.o. sp.k.	Warsaw, Poland	28.6		
ASTIRA Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf, Germany	50.0		
BONUS Vermietungsgesellschaft mbH	Düsseldorf, Germany	30.0		
Düsseldorfer Börsenhaus GmbH	Düsseldorf, Germany	20.0		
FRAST Beteiligungsgesellschaft mbH & Co. Objekt Kokerei KG	Grünwald, Germany	0.0		c)
GIE Cinquieme Lease	Puteaux, France	33.3		
GIE Go Lease	Puteaux, France	50.0		
GIE Hu Lease	Puteaux, France	50.0		
GIE Quatrieme Lease	Puteaux, France	33.3		
GMF German Mittelstand Fund GmbH i. L.	Frankfurt/Main, Germany	23.5		
GOPA Gesellschaft für Organisation, Planung und Ausbildung mbH	Bad Homburg v. d. Höhe, Germany	24.8	28.8	
Immobilien-Vermietungsgesellschaft Reeder & Co. Objekt Plauen-Park KG	Düsseldorf, Germany	21.4	21.3	
Industriedruck Krefeld Kurt Janßen GmbH & Co KG	Krefeld, Germany	25.7		
Kapelaansdijk I BV	Amsterdam, Netherlands	25.0		
Koppelenweg I BV	Hoevelaken, Netherlands	33.3		
MAECENA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Dortmund KG i.L.	Düsseldorf, Germany	5.0	33.3	29)
MFG Flughafen-Grundstücksverwaltungsgesellschaft mbH & Co. BETA KG i.L.	Grünwald, Germany	29.4	29.0	
MINERVA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Radolfzell KG	Düsseldorf, Germany	21.0		

Name	Registered office	Share of capital %	Voting rights (where different) %	
MOLWANKUM Vermietungsgesellschaft mbH & Co. Objekt Landkreis Hildburghausen KG	Düsseldorf, Germany	6.0	31.0	
MS "Meta" Stefan Patjens GmbH & Co. KG	Drochtersen, Germany	30.5		
NESTOR Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Villingen-Schwenningen	Düsseldorf, Germany	0.0	50.0	
NOSSIA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG i.L.	Pöcking, Germany	2.5	25.0	
OLEANDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Kaiser-Karree KG	Grünwald, Germany	85.0	43.0	c)
OSCA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG i. L.	Grünwald, Germany	26.0		
Pinova GmbH & Co. Erste Beteiligungs KG	Munic, Germany	41.8		
PRUNA Betreiber GmbH	Grünwald, Germany	51.0		
RECAP/Commerz AMW Investment, L. P.	New York, USA	50.0		
Rendite Partner Gesellschaft für Vermögensverwaltung mbH i. L.	Frankfurt/Main, Germany	33.3		
SCI L Argentiere	Grenoble, France	30.0		
SITA Immobilia GmbH & Co. KG	Cologne, Germany	5.1	50.0	
True Sale International GmbH	Frankfurt/Main, Germany	23.1		

3. Joint ventures

a) Joint ventures in the Group financial statements accounted for using the equity method

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

b) Joint ventures in the Group financial statements not accounted for using the equity method due to their minor significance

Name	Registered office	Share of capital %	Voting rights (where different) %
Bonitos GmbH & Co. KG	Frankfurt/Main, Germany	50.0	
Bonitos Verwaltungs GmbH	Frankfurt/Main, Germany	50.0	
NULUX NUKEM LUXEMBURG GmbH	Luxembourg, Luxembourg	49.5	

4. Structured entities

a) Structured entities included in the Group financial statements pursuant to IFRS 10

Name	Registered office	Segment	Share of capital %	Voting rights (where different) %	Currency	Equity 1,000
Borromeo Finance S.r.l.	Milan, Italy	C&M			EUR	22,593
Bosphorus Capital Ltd.	Dublin, Ireland	C&M			EUR	–456
Bosphorus Investments Limited	Dublin, Ireland	C&M			EUR	–1,374
CoCo Finance II–2 Ltd.	Dublin, Ireland	MSB			EUR	1
COSMO Finance II–2 Ltd.	Dublin, Ireland	MSB			EUR	3
Danube Delta PLC	Wilmington, Delaware, USA	C&M			EUR	–36,706
Greenway Infrastructure Capital Plc	St. Helier, Jersey	C&M			GBP	0
Justine Capital SRL	Milan, Italy	C&M			EUR	–5,929
LAMINA Grundstücks-Verwaltungs-gesellschaft mbH & Co. Objekt Leipzig KG	Grünwald, Germany	SuK	100.0	16.7	EUR	–6,606
Liffey Emerald Limited	Dublin, Ireland	C&M			EUR	0
Livingstone Mortgages Limited	London, United Kingdom	C&M			EUR	61,869
MERKUR Grundstücks-Gesellschaft Objekt Berlin Lange Straße mbH & Co. KG	Grünwald, Germany	SuK	3.9		EUR	–133,485
Metrofinanciera Warehousing 2007	Wilmington, Delaware, USA	C&M			EUR	19
Plymouth Capital Limited	St. Helier, Jersey	C&M			EUR	0
SME Commerz SCB GmbH	Frankfurt/Main, Germany	MSB			EUR	4
Thames SPC	St. Helier, Jersey	C&M			EUR	0

b) Structured entities not included in the Group financial statements pursuant to IFRS 10 due to their minor significance

Name	Registered office	Segment	Share of capital %	Voting rights (where different) %
Caduceus Compartment 5	Luxembourg, Luxembourg	C&M		
CB MezzCAP Limited Partnership	St. Helier, Jersey	MSB		
CoTrax Finance II–2 DAC	Dublin, Ireland	MSB		
GRENADO Vermietungsgesellschaft mbH & Co. Objekt Brigachschiene KG	Grünwald, Germany	PK		
HSC Life Policy Pooling S.A.R.L.	Luxembourg, Luxembourg	C&M		
MOLKANDIS Grundstücks-Vermietungs-gesellschaft mbH & Co. Objekt Kaltenkichen KG	Düsseldorf, Germany	PK		
OLEANDRA Grundstücks-Vermietungs-gesellschaft mbH & Co. Objekt Haar KG	Düsseldorf, Germany	PK		
Opera Germany No. 2 plc.	Dublin, Ireland	NCA		
TIGNARIS Beteiligungsgesellschaft mbH & Co. Objekt Burscheid KG	Düsseldorf, Germany	PK		
TIGNARIS Beteiligungsgesellschaft mbH & Co. Objekt Kleve KG	Düsseldorf, Germany	PK		

5. Investment funds

a) Investment funds included in the Group financial statements pursuant to IFRS 10

Name	Registered office	Segment	Share of investor in fund %	Voting rights (where different) %	Currency	Fund volume 1,000	
Agate Assets S.A. S014	Luxembourg, Luxembourg	C&M	100.0		EUR	62,380	
CDBS-Cofonds	Frankfurt/Main, Germany	PK	100.0		EUR	135,850	
CDBS-Cofonds II	Frankfurt/Main, Germany	PK	100.0		EUR	96,026	
CDBS-Cofonds III	Frankfurt/Main, Germany	PK	100.0		EUR	106,139	
CDBS-Cofonds IV	Frankfurt/Main, Germany	PK	100.0		EUR	106,517	
CDBS-Cofonds V	Frankfurt/Main, Germany	PK	100.0		EUR	104,327	
ComStage ATX® UCITS ETF	Luxembourg, Luxembourg	C&M	44.7		EUR	16,284	
ComStage CAC 40® Leverage UCITS ETF	Luxembourg, Luxembourg	C&M	82.6		EUR	5,953	
ComStage CAC 40® Short GR UCITS ETF	Luxembourg, Luxembourg	C&M	66.7		EUR	3,307	
ComStage CAC 40® UCITS ETF	Luxembourg, Luxembourg	C&M	51.6		EUR	13,214	
ComStage CBK 10Y US-Treasury Future Short TR UCITS ETF	Luxembourg, Luxembourg	C&M	99.2		USD	20,323	
ComStage CBK 10Y US-Treasury Future TR UCITS ETF	Luxembourg, Luxembourg	C&M	99.8		USD	19,970	
ComStage CBK Commodity ex-Agriculture Monthly EUR Hedged TR UCITS ETF	Luxembourg, Luxembourg	C&M	99.2		EUR	20,700	
ComStage CBK U.S. Treasury Bond Future Double Short TR UCITS ETF	Luxembourg, Luxembourg	C&M	98.8		USD	19,874	
ComStage CBK U.S. Treasury Bond Future Short TR UCITS ETF	Luxembourg, Luxembourg	C&M	99.9		USD	20,061	
ComStage Commerzbank Bund-Future Double Short TR UCITS ETF	Luxembourg, Luxembourg	C&M	5.3		EUR	55,961	
ComStage Commerzbank Bund-Future Leveraged TR UCITS ETF	Luxembourg, Luxembourg	C&M	78.2		EUR	5,979	
ComStage Commerzbank Bund-Future Short TR UCITS ETF	Luxembourg, Luxembourg	C&M	2.3		EUR	556,735	
ComStage Commerzbank Bund-Future TR UCITS ETF	Luxembourg, Luxembourg	C&M	37.9		EUR	20,181	
ComStage Commerzbank Commodity ex-Agriculture EW Index TR UCITS ETF	Luxembourg, Luxembourg	C&M	8.2		USD	216,653	
ComStage Commerzbank EONIA Index TR UCITS ETF	Luxembourg, Luxembourg	C&M	20.9		EUR	73,770	
ComStage Commerzbank FED Funds Effective Rate Index TR UCITS ETF	Luxembourg, Luxembourg	C&M	7.6		USD	46,195	
ComStage DAX® TR UCITS ETF	Luxembourg, Luxembourg	C&M	1.5		EUR	694,516	
ComStage DivDAX® TR UCITS ETF	Luxembourg, Luxembourg	C&M	6.4		EUR	48,109	
ComStage Dow Jones Industrial Average UCITS ETF	Luxembourg, Luxembourg	C&M	16.2		USD	64,222	
ComStage Dow Jones Switzerland Titans 30 Net TR UCITS ETF	Luxembourg, Luxembourg	C&M	27.6		CHF	46,072	30)

Name	Registered office	Segment	Share of investor in fund %	Voting rights (where different) %	Currency	Fund volume 1,000
ComStage EURO STOXX 50® Daily Leverage UCITS ETF	Luxembourg, Luxembourg	C&M	42.8		EUR	19,273
ComStage EURO STOXX 50® Daily Short GR UCITS ETF	Luxembourg, Luxembourg	C&M	34.5		EUR	16,740
ComStage EURO STOXX 50® NR UCITS ETF	Luxembourg, Luxembourg	C&M	0.0		EUR	267,709
ComStage EURO STOXX® Select Dividend 30 NR UCITS ETF	Luxembourg, Luxembourg	C&M	14.1		EUR	54,375
ComStage F.A.Z. Index UCITS ETF	Luxembourg, Luxembourg	C&M	7.5		EUR	34,656
ComStage FR DAX® UCITS ETF	Luxembourg, Luxembourg	C&M	5.9		EUR	94,529
ComStage FR EURO STOXX 50® UCITS ETF	Luxembourg, Luxembourg	C&M	20.9		EUR	43,542
ComStage FTSE 100 TR UCITS ETF	Luxembourg, Luxembourg	C&M	38.9		GBP	12,549
ComStage FTSE China A50 UCITS ETF (ETF024)	Luxembourg, Luxembourg	C&M	50.4		USD	17,338
ComStage HSCEI UCITS ETF	Luxembourg, Luxembourg	C&M	11.9		HKD	33,223
ComStage HSI UCITS ETF	Luxembourg, Luxembourg	C&M	39.1		HKD	24,120
ComStage iBOXX Germany Covered Capped 3–5 TR UCITS ETF	Luxembourg, Luxembourg	C&M	48.5		EUR	25,588
ComStage iBOXX Germany Covered Capped 5–7 TR UCITS ETF	Luxembourg, Luxembourg	C&M	93.4		EUR	5,803
ComStage iBOXX Germany Covered Capped 7–10 TR UCITS ETF	Luxembourg, Luxembourg	C&M	89.6		EUR	8,882
ComStage iBOXX Germany Covered Capped Overall TR UCITS ETF	Luxembourg, Luxembourg	C&M	74.4		EUR	9,545
ComStage iBOXX Liquid Sovereigns Diversified 10–15 TR UCITS ETF	Luxembourg, Luxembourg	C&M	68.9		EUR	14,148
ComStage iBOXX Liquid Sovereigns Diversified 1–3 TR UCITS ETF	Luxembourg, Luxembourg	C&M	16.9		EUR	105,445
ComStage iBOXX Liquid Sovereigns Diversified 15+ TR UCITS ETF	Luxembourg, Luxembourg	C&M	77.8		EUR	17,201
ComStage iBOXX Liquid Sovereigns Diversified 25+ TR UCITS ETF	Luxembourg, Luxembourg	C&M	30.5		EUR	16,023
ComStage iBOXX Liquid Sovereigns Diversified 3–5 TR UCITS ETF	Luxembourg, Luxembourg	C&M	65.8		EUR	373,531
ComStage iBOXX Liquid Sovereigns Diversified 3m–1 TR UCITS ETF	Luxembourg, Luxembourg	C&M	28.0		EUR	34,439
ComStage iBOXX Liquid Sovereigns Diversified 5–7 TR UCITS ETF	Luxembourg, Luxembourg	C&M	64.6		EUR	371,105
ComStage iBOXX Liquid Sovereigns Diversified 7–10 TR UCITS ETF	Luxembourg, Luxembourg	C&M	42.9		EUR	22,368
ComStage iBOXX Liquid Sovereigns Diversified Overall TR UCITS ETF	Luxembourg, Luxembourg	C&M	7.4		EUR	79,284
ComStage iBOXX Sovereigns Germany Capped 10+ TR UCITS ETF	Luxembourg, Luxembourg	C&M	59.9		EUR	43,773
ComStage iBOXX Sovereigns Germany Capped 1–5 TR UCITS ETF	Luxembourg, Luxembourg	C&M	61.7		EUR	8,120
ComStage iBOXX Sovereigns Germany Capped 3m–2 TR UCITS ETF	Luxembourg, Luxembourg	C&M	89.0		EUR	6,033
ComStage iBOXX Sovereigns Germany Capped 5–10 TR UCITS ETF	Luxembourg, Luxembourg	C&M	42.5		EUR	24,699

Name	Registered office	Segment	Share of investor in fund %	Voting rights (where different) %	Currency	Fund volume 1,000
ComStage iBOXX Sovereigns Inflation-Linked Euro-Inflation TR UCITS ETF	Luxembourg, Luxembourg	C&M	51.4		EUR	17,055
ComStage LevDAX® x2 UCITS ETF	Luxembourg, Luxembourg	C&M	25.0		EUR	27,430
ComStage MDAX® TR UCITS ETF	Luxembourg, Luxembourg	C&M	0.2		EUR	53,304
ComStage MSCI EM Eastern Europe TRN UCITS ETF	Luxembourg, Luxembourg	C&M	59.8		USD	11,242
ComStage MSCI Emerging Markets Leveraged 2x Daily TRN UCITS ETF	Luxembourg, Luxembourg	C&M	31.5		USD	10,854
ComStage MSCI Emerging Markets TRN UCITS ETF	Luxembourg, Luxembourg	C&M	0.6		USD	68,319
ComStage MSCI EMU TRN UCITS ETF	Luxembourg, Luxembourg	C&M	63.9		USD	7,417
ComStage MSCI Europe Large Cap TRN UCITS ETF	Luxembourg, Luxembourg	C&M	53.0		USD	7,479
ComStage MSCI Europe Mid Cap TRN UCITS ETF	Luxembourg, Luxembourg	C&M	33.3		USD	14,995
ComStage MSCI Europe Small Cap TRN UCITS ETF	Luxembourg, Luxembourg	C&M	5.1		USD	43,792
ComStage MSCI Europe TRN UCITS ETF	Luxembourg, Luxembourg	C&M	38.5		USD	23,870
ComStage MSCI Italy TRN UCITS ETF	Luxembourg, Luxembourg	C&M	98.4		EUR	21,242
ComStage MSCI Japan 100% Daily Hedged Euro UCITS ETF	Luxembourg, Luxembourg	C&M	18.1		EUR	8,540
ComStage MSCI Japan TRN UCITS ETF	Luxembourg, Luxembourg	C&M	34.1		USD	10,178
ComStage MSCI North America TRN UCITS ETF	Luxembourg, Luxembourg	C&M	21.0		USD	90,760
ComStage MSCI Pacific ex Japan TRN UCITS ETF	Luxembourg, Luxembourg	C&M	38.1		USD	18,468
ComStage MSCI Pacific TRN UCITS ETF	Luxembourg, Luxembourg	C&M	14.1		USD	91,438
ComStage MSCI Russia 30% Capped TRN UCITS ETF	Luxembourg, Luxembourg	C&M	19.0		USD	8,355
ComStage MSCI Spain TRN UCITS ETF	Luxembourg, Luxembourg	C&M	92.3		EUR	18,962
ComStage MSCI Taiwan TRN UCITS ETF	Luxembourg, Luxembourg	C&M	71.6		USD	15,530
ComStage MSCI USA Large Cap TRN UCITS ETF	Luxembourg, Luxembourg	C&M	37.1		USD	22,059
ComStage MSCI USA Mid Cap TRN UCITS ETF	Luxembourg, Luxembourg	C&M	45.1		USD	34,205
ComStage MSCI USA Small Cap TRN UCITS ETF	Luxembourg, Luxembourg	C&M	21.9		USD	60,833
ComStage MSCI USA TRN UCITS ETF	Luxembourg, Luxembourg	C&M	44.1		USD	346,377
ComStage MSCI World TRN UCITS ETF	Luxembourg, Luxembourg	C&M	1.3		USD	623,540
ComStage MSCI World with EM Exposure Net UCITS ETF (ETF130)	Luxembourg, Luxembourg	C&M	74.5		USD	3,768
ComStage Nasdaq–100® UCITS ETF	Luxembourg, Luxembourg	C&M	4.2		USD	193,359
ComStage Nikkei 225® UCITS ETF	Luxembourg, Luxembourg	C&M	12.5		JPY	45,526
ComStage NYSE Arca Gold BUGS UCITS ETF	Luxembourg, Luxembourg	C&M	6.3		USD	143,348

Name	Registered office	Segment	Share of investor in fund %	Voting rights (where different) %	Currency	Fund volume 1,000
ComStage PSI 20® Leverage UCITS ETF	Luxembourg, Luxembourg	C&M	64.2		EUR	22,802
ComStage PSI 20® UCITS ETF	Luxembourg, Luxembourg	C&M	19.5		EUR	75,332
ComStage S&P 500 Euro Daily Hedged Net TR UCITS ETF	Luxembourg, Luxembourg	C&M	2.6		EUR	42,997
ComStage S&P 500 UCITS ETF	Luxembourg, Luxembourg	C&M	34.4		USD	45,796
ComStage S&P SMIT 40 Index TRN UCITS ETF	Luxembourg, Luxembourg	C&M	48.6		EUR	15,690
ComStage SDAX® TR UCITS ETF	Luxembourg, Luxembourg	C&M	52.3		EUR	5,456
ComStage ShortDAX® TR UCITS ETF	Luxembourg, Luxembourg	C&M	13.7		EUR	100,184
ComStage ShortMDAX TR UCITS ETF	Luxembourg, Luxembourg	C&M	41.0		EUR	9,452
ComStage SICAV	Luxembourg, Luxembourg	C&M	22.0		EUR	6,837,039
ComStage SPI® TR UCITS ETF	Luxembourg, Luxembourg	C&M	87.2		CHF	30,340
ComStage STOXX® Europe 600 Automobiles & Parts NR UCITS ETF	Luxembourg, Luxembourg	C&M	42.6		EUR	24,690
ComStage STOXX® Europe 600 Banks NR UCITS ETF	Luxembourg, Luxembourg	C&M	9.8		EUR	60,154
ComStage STOXX® Europe 600 Basic Resources NR UCITS ETF	Luxembourg, Luxembourg	C&M	28.9		EUR	12,166
ComStage STOXX® Europe 600 Chemicals NR UCITS ETF	Luxembourg, Luxembourg	C&M	22.5		EUR	14,589
ComStage STOXX® Europe 600 Construction & Materials NR UCITS ETF	Luxembourg, Luxembourg	C&M	44.7		EUR	8,818
ComStage STOXX® Europe 600 Financial Services NR UCITS ETF	Luxembourg, Luxembourg	C&M	46.9		EUR	8,168
ComStage STOXX® Europe 600 Food & Beverage NR UCITS ETF	Luxembourg, Luxembourg	C&M	6.9		EUR	54,950
ComStage STOXX® Europe 600 Health Care NR UCITS ETF	Luxembourg, Luxembourg	C&M	7.2		EUR	73,490
ComStage STOXX® Europe 600 Industrial Goods & Services NR UCITS ETF	Luxembourg, Luxembourg	C&M	73.6		EUR	9,180
ComStage STOXX® Europe 600 Insurance NR UCITS ETF	Luxembourg, Luxembourg	C&M	24.6		EUR	12,813
ComStage STOXX® Europe 600 Media NR UCITS ETF	Luxembourg, Luxembourg	C&M	65.7		EUR	8,138
ComStage STOXX® Europe 600 NR UCITS ETF	Luxembourg, Luxembourg	C&M	0.0		EUR	188,121
ComStage STOXX® Europe 600 Oil & Gas NR UCITS ETF	Luxembourg, Luxembourg	C&M	17.9		EUR	20,618
ComStage STOXX® Europe 600 Personal & Household Goods NR UCITS ETF	Luxembourg, Luxembourg	C&M	19.1		EUR	20,488
ComStage STOXX® Europe 600 Real Estate NR UCITS ETF	Luxembourg, Luxembourg	C&M	29.2		EUR	25,810
ComStage STOXX® Europe 600 Retail NR UCITS ETF	Luxembourg, Luxembourg	C&M	94.5		EUR	8,598
ComStage STOXX® Europe 600 Technology NR UCITS ETF	Luxembourg, Luxembourg	C&M	17.3		EUR	9,697
ComStage STOXX® Europe 600 Telecommunications NR UCITS ETF	Luxembourg, Luxembourg	C&M	9.1		EUR	86,921
ComStage STOXX® Europe 600 Travel & Leisure NR UCITS ETF	Luxembourg, Luxembourg	C&M	35.7		EUR	11,202

Name	Registered office	Segment	Share of investor in fund %	Voting rights (where different) %	Currency	Fund volume 1,000
ComStage STOXX® Europe 600 Utilities NR UCITS ETF	Luxembourg, Luxembourg	C&M	47.1		EUR	14,561
ComStage TOPIX® UCITS ETF	Luxembourg, Luxembourg	C&M	26.5		JPY	21,450
Green Loan Fund I	Luxembourg, Luxembourg	MSB	100.0		EUR	62,380
Greenway Infrastructure Fund	St. Helier, Jersey	C&M	100.0		GBP	199,465
Olympic Investment Fund II	Grevenmacher, Luxembourg	C&M	96.1		EUR	2,512,346
Pantheon Master Fund	Wilmington, DelawareUSA	C&M	100.0		USD	114,198
Premium Management Immobilien-Anlagen	Frankfurt/Main, Germany	PK	95.5		EUR	236,004
VFM Mutual Fund AG & Co. KG	Gamprin-Bendern, Liechtenstein	C&M	52.6		CHF	319,912
Viaduct Invest FCP-SIF Luxfund-1	Luxembourg, Luxembourg	C&M	92.5		EUR	1,418 [31]

b) Investment funds not included in the Group financial statements pursuant to IFRS 10 due to their minor significance

Name	Registered office	Share of capital %	Voting rights (where different) %	Registered office
Anlagestruktur 1 Plus 01/2017 R	Luxembourg, Luxembourg	C&M	26.5	
CBK SICAV Commerzbank Strategiefonds Multi Asset I	Luxembourg, Luxembourg	C&M	100.0	
Commerzbank Aktientrend Deutschland I	Luxembourg, Luxembourg	C&M	91.2	
Commerzbank Aktientrend Deutschland R	Luxembourg, Luxembourg	C&M	41.7	
Commerzbank Rohstoff Strategie I USD	Luxembourg, Luxembourg	C&M	100.0	
Commerzbank Rohstoff Strategie R USD	Luxembourg, Luxembourg	C&M	100.0	
Commerzbank Wertsicherungsfonds plus I	Luxembourg, Luxembourg	C&M	59.2	
Commerzbank Wertsicherungsfonds plus II	Luxembourg, Luxembourg	C&M	97.3	
Europa One	Annecy, France	C&M	100.0	
GET Capital Quant Global Equity Fonds	Luxembourg, Luxembourg	C&M	62.3	

6. Investments in large corporations where the investment exceeds 5 % of the voting rights

Name	Registered office	Share of capital %	Voting rights (where different) %
ConCardis Gesellschaft mit beschränkter Haftung	Eschborn, Germany	13.9	
EURO Kartensysteme Gesellschaft mit beschränkter Haftung	Frankfurt/Main, Germany	13.9	
GEWOBA Aktiengesellschaft Wohnen und Bauen	Bremen, Germany	7.1	
Schufa Holding AG	Wiesbaden, Germany	17.9	

Footnotes		
1)	Renamed:	from Commerz Real Immobilien GmbH to CIMONUSA Beteiligungsgesellschaft mbH
2)	Renamed:	from Commerzbank Leasing 4 S.à.r.l. to Commerzbank Leasing 4 S.e.n.c.
3)	Renamed:	from Commerzbank Leasing 5 S.à r.l. to Commerzbank Leasing 5 S.e.n.c.
4)	Renamed:	from ACCOMO Hotelportfolio GmbH & Co. Geschlossene Investment KG to ACCOMO Hotel HafenCity GmbH & Co. Geschlossene Investment KG
5)	Renamed:	from ALCARDA Beteiligungsgesellschaft mbH to ALCARDA Beteiligungsgesellschaft mbH i.L.
6)	Renamed:	from ALMURUS Grundstücks-Vermietungsgesellschaft mbH to ALMURUS Grundstücks-Vermietungsgesellschaft mbH i.L.
7)	Renamed:	from ABESTA Grundstücks-Vermietungsgesellschaft mbH to ANDINO Zweite Beteiligungsgesellschaft mbH
8)	Renamed:	from Campus Futura GmbH & Co. KG to AVALERIA Hotel HafenCity GmbH & Co. KG
9)	Renamed:	from Bremen Airportcity HKS GmbH i.Gr. to Bremen Airportcity HKS GmbH
10)	Renamed:	from Bremen Airportcity OLTS GmbH i.Gr. to Bremen Airportcity OLTS GmbH
11)	Renamed:	from Dr. Gubelt Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Potsdam Alte Wache KG to Dr. Gubelt Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Potsdam Alte Wache KG i.L.
12)	Renamed:	from gr Grundstücks GmbH Objekt Corvus & Co. Sossenheim KG to gr Grundstücks GmbH Objekt Corvus & Co. Sossenheim KG i.L.
13)	Renamed:	from gr Grundstücks GmbH Objekt Corvus to gr Grundstücks GmbH Objekt Corvus i.L.
14)	Renamed:	from MOLDISCUS Vermietungsgesellschaft mbH to GRAMOLDISCUS Vermietungsgesellschaft mbH
15)	Renamed:	from DRECORA Grundstücks-Vermietungsgesellschaft mbH to GRECORA GmbH
16)	Renamed:	from CRI Zweite Beteiligungsgesellschaft mbH to Japanturm Betriebsgesellschaft mbH
17)	Renamed:	from G-G-B Gebäude- und Grundbesitz GmbH to LSF Loan Solutions Frankfurt GmbH
18)	Renamed:	from MOLDESKA Vermietungsgesellschaft mbH & Co. Objekt Mallersdorf KG i. Gr. to MOLDESKA Vermietungsgesellschaft mbH & Co. Objekt Mallersdorf KG
19)	Renamed:	from MOLHABIS Vermietungsgesellschaft mbH i.Gr. to MOLHABIS Vermietungsgesellschaft mbH
20)	Renamed:	from MOLRITA GmbH to MOLRITA Vermietungsgesellschaft mbH
21)	Renamed:	from NAVALIS Schiffsbetriebsgesellschaft mbH & Co. MS “NEDLLOYD JULIANA” KG to NAVALIS Schiffsbetriebsgesellschaft mbH & Co. MS “NEDLLOYD JULIANA” KG i.L.
22)	Renamed:	from Nr. X Real Estate Hungary Kft. to Nr. X Real Estate Hungary Kft. i.L.
23)	Renamed:	from NUMERIA Grundstücks-Vermietungsgesellschaft mbH to NUMERIA Grundstücks-Vermietungsgesellschaft mbH i.L.
24)	Renamed:	from RAYMO Erste Portfolio KG to RAYMO Erste Portfolio GmbH & Co. KG
25)	Renamed:	from RAYMO Vierte Portfolio GmbH i.G. to RAYMO Vierte Portfolio GmbH
26)	Renamed:	from RAYMO Zweite Portfolio KG to RAYMO Zweite Portfolio GmbH & Co. KG
27)	Renamed:	from REGALIS Grundstücks-Vermietungsgesellschaft mbH to REGALIS Grundstücks-Vermietungsgesellschaft mbH i.L.
28)	Renamed:	from CGG Canada Grundbesitz GmbH to T-Rex Verwaltungs GmbH
29)	Renamed:	from MAECENA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Dortmund KG to MAECENA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Dortmund KG i.L.
30)	Renamed:	from ComStage ETF SMI® UCITS ETF to ComStage Dow Jones Switzerland Titans 30 Net TR UCITS ETF
31)	Renamed:	from Viaduct Invest FCP - SIF to Viaduct Invest FCP-SIF Luxfund–1

Comments and Explanations	
a)	Control and profit transfer agreement.
b)	No disclosures persuant to Art. 264b of the German Commercial Code (HGB).
c)	Agent relationships.

Information on business purpose pursuant to Art. 26 a of the German Banking Act (KWG)

Abbreviation	Explanation
BETGE	Investment companies
KAFOG	Asset management companies and investment trusts
KREDI	Banks
SOFDL	Other financial institutions
SOUNT	Other companies
VERSI	Insurances
C&M	Corporates & Markets
MSB	Mittelstandsbank
PK	Private Customers
SuK	Others and Consolidation
NCA	Non-Core Assets

Foreign exchange rates for 1€ as at 31 December 2015		
Brazil	BRL	4.3117
United Kingdom	GBP	0.7340
India	INR	72.0215
Japan	JPY	131.0700
Poland	PLN	4.2639
Russia	RUB	80.6736
Sweden	SEK	9.1895
Switzerland	CHF	1.0835
Singapore	SGD	1.5417
Taiwan	TWD	35.8196
Hungary	HUF	315.9800
USA	USD	1.0887

Boards of Commerzbank Aktiengesellschaft

Supervisory Board

Klaus-Peter Müller
Chairman

Uwe Tschäge[1]
Deputy Chairman
Employee of Commerzbank Aktiengesellschaft

Hans-Hermann Altenschmidt[1]
Employee of Commerzbank Aktiengesellschaft

Dr. Nikolaus von Bomhard
(until 30.4.2015)
Chairman of the Board of Managing Directors Münchener Rückversicherungs-Gesellschaft AG

Gunnar de Buhr[1]
Employee of Commerzbank Aktiengesellschaft

Stefan Burghardt[1]
Main Branch Manager of Bremen Commerzbank Aktiengesellschaft

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

Karl-Heinz Flöther
Independent corporate consultant

Dr. Markus Kerber
CEO of the Federation of German Industries (BDI)

Alexandra Krieger[1]
Head Business Administration/ Corporate Strategy Industrial Union Mining, Chemical and Energy

Oliver Leiberich[1]
Employee of Commerzbank Aktiengesellschaft

Dr. Stefan Lippe
Entrepreneur

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

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

Dr. Roger Müller
General Counsel Deutsche Börse AG

Dr. Helmut Perlet
Chairman of the Supervisory Board Allianz SE

Barbara Priester[1]
Employee of Commerzbank Aktiengesellschaft

Mark Roach[1]
Trade Union Secretary to United Services Union (Vereinte Dienstleistungsgewerkschaft ver.di) National Administration

Petra Schadeberg-Herrmann
(until 30.4.2015)
Managing Partner and Managing Director of various companies within the Schadeberg Family Office and the Krombacher Group

Margit Schoffer[1]
Employee of Commerzbank Aktiengesellschaft

Nicholas Teller
Chairman of the Advisory Board E.R. Capital Holding GmbH & Cie. KG

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

[1] Elected by the Bank's employees.

Board of Managing Directors

Martin Blessing
Chairman

Frank Annuscheit

Markus Beumer

Dr. Marcus Chromik
(since 1.1.2016)

Stephan Engels

Michael Reuther

Dr. Stefan Schmittmann
(until 31.12.2015)

Martin Zielke

Responsibility statement by the Board of Managing Directors

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

Frankfurt am Main, 22 February 2016
The Board of Managing Directors

Martin Blessing

Frank Annuscheit

Markus Beumer

Marcus Chromik

Stephan Engels

Michael Reuther

Martin Zielke

Independent Auditors' Report[1]

To COMMERZBANK Aktiengesellschaft, Frankfurt am Main

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of COMMERZBANK Aktiengesellschaft, Frankfurt am Main, and its subsidiaries, which comprise the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the financial statements for the business year from 1 January to 31 December 2015.

Board of Managing Directors' Responsibility for the Consolidated Financial Statements

The Board of Managing Directors of COMMERZBANK Aktiengesellschaft is responsible for the preparation of these consolidated financial statements. This responsibility includes that these consolidated financial statements are prepared in accordance with International Financial Reporting Standards, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) and that these consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The Board of Managing Directors is also responsible for the internal controls as the Board of Managing Directors determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with § 317 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). Accordingly, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The selection of audit procedures depends on the auditor's professional judgement. This includes the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In assessing those risks, the auditor considers the internal control system relevant to the entity's preparation of consolidated financial statements that give a true and fair view. The aim of this is to plan and perform audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

According to § 322 Abs. 3 Satz (sentence) 1 HGB, we state that our audit of the consolidated financial statements has not led to any reservations.

In our opinion based on the findings of our audit, the consolidated financial statements comply, in all material respects, with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets and financial position of the Group as at 31 December 2015 as well as the results of operations for the business year then ended, in accordance with these requirements.

Report on the Group Management Report

We have audited the accompanying group management report of COMMERZBANK Aktiengesellschaft for the business year from 1 January to 31 December 2015. The Board of Managing Directors of COMMERZBANK Aktiengesellschaft is responsible for the preparation of the group management report in accordance with the requirements of German commercial law applicable pursuant to § 315a Abs. 1 HGB. We conducted our audit in accordance with § 317 Abs. 2 HGB and German generally accepted standards for the audit of the management report promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany, IDW).

[1] Translation of the independent auditors' report issued in German language on the Group financial statements prepared in German language by the management of Commerzbank Aktiengesellschaft, Frankfurt am Main. The German language statements are decisive.

Accordingly, we are required to plan and perform the audit of the group management report to obtain reasonable assurance about whether the group management report is consistent with the consolidated financial statements and the audit findings, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

According to § 322 Abs. 3 Satz 1 HGB we state, that our audit of the group management report has not led to any reservations.

In our opinion based on the findings of our audit of the consolidated financial statements and group management report, the group management report is consistent with the consolidated financial statements, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, 23 February 2016

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

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

Further information

› We inform you about the composition of the Central Advisory Board and the seats on mandatory supervisory boards and similar bodies for members of the Board of Managing Directors, members of the Supervisory Board and employees of Commerzbank. In a glossary we list the most important financial terms and the information on the encumbrance of assets as well as the quarterly results by segment.

Central Advisory Board

Dr. Simone Bagel-Trah
Chairwoman of the Supervisory Board
and the Shareholders' Committee
Henkel AG & Co. KGaA
Düsseldorf

Dott. Sergio Balbinot
Member of the Board of Management
Allianz SE
Munich

Dr. Olaf Berlien
Chairman of the Managing Board
OSRAM LICHT AG
Munich

Dr. Werner Brandt
Former CFO
SAP AG
Frankfurt

Cathrina Claas-Mühlhäuser
Chairwoman of the Supervisory Board
and Deputy Chairwoman of the
Shareholders' Committee
CLAAS KGaA mbH
Harsewinkel

Georg Denoke
Member of the Executive Board, CFO
Linde AG
Munich

Prof. Dr. Hans Heinrich Driftmann
General and Managing Partner
Peter Kölln KGaA
Elmshorn

Dr. Holger Engelmann
Chairman of the Management Board
Webasto SE
Stockdorf

Ulrich Grillo
Chairman of the Executive Board
Grillo-Werke AG
Duisburg

Dr. Margarete Haase
CFO
Deutz AG
Cologne

Karl-Erivan W. Haub
Managing Partner
Tengelmann
Warenhandelsgesellschaft KG
Mülheim/Ruhr

Dr. Marion Helmes
Berlin

Uwe Lüders
Chairman of the Board
of Managing Directors
L. Possehl & Co. mbH
Lübeck

Dipl.-Kfm. Friedrich Lürßen
Managing Partner
Fr. Lürssen Werft GmbH & Co. KG
Bremen

Prof. Hans Georg Näder
Managing Partner
Otto Bock HealthCare GmbH
Duderstadt

Hans Dieter Pötsch
Chairman of the Supervisory Board
Volkswagen AG
Wolfsburg

Dr. Helmut Reitze
Director ret.
Hessischer Rundfunk
Frankfurt am Main

Georg F.W. Schaeffler
Chairman of the Supervisory Board
Schaeffler AG
Herzogenaurach

Dr. Stefan Schmittmann
Grünwald

Dr. Ernst F. Schröder
Bielefeld

Dr. Jan Szomburg
President
The Gdansk Institute for
Market Economics
Gdansk

Roland Vogel
Member of the Board
of Managing Directors
Hannover Rück SE
Hanover

Dr. Michael Werhahn
Member of the Board of Directors
Wilh. Werhahn KG
Neuss

Dr. Wendelin Wiedeking
Entrepreneur
Bietigheim-Bissingen

The lists of members of our regional advisory committees East, Middle, North, Northwest, South, Southwest and West can be found in the internet under www.commerzbank.com > Investor Relations > Corporate governance > Advisory Committees.

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 31.12.2015

a) Seats on other mandatory supervisory boards
b) Seats on similar national and international bodies

Martin Blessing

b) CommerzVentures GmbH[1]
Chairman

mBank S.A.[1]

Frank Annuscheit

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

comdirect bank Aktiengesellschaft[1]
Deputy Chairman

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

Commerz Services Holding GmbH[1]
Chairman

Markus Beumer

a) ABB AG

b) DAW SE

Dr. Marcus Chromik
(since 1.1.2016)

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

Stephan Engels

a) Hypothekenbank Frankfurt AG[1]
Deputy Chairman

b) CommerzVentures GmbH[1]
Deputy Chairman

mBank S.A.[1]

Michael Reuther

a) RWE Power AG

b) EUREX Deutschland AöR

Frankfurter Wertpapierbörse AöR

Landwirtschaftliche Rentenbank AöR

Verlagsbeteiligungs- und Verwaltungsgesellschaft mit beschränkter Haftung

Dr. Stefan Schmittmann
(until 31.12.2015)

a) Hypothekenbank Frankfurt AG[1]
Chairman

Schaltbau Holding AG

b) mBank S.A.[1]

Martin Zielke

a) comdirect bank Aktiengesellschaft[1]
Chairman

Commerz Real AG[1]
Chairman

b) Commerz Real Investmentgesellschaft mbH[1]
Chairman

mBank S.A.[1]
Deputy Chairman

Members of the Supervisory Board of Commerzbank Aktiengesellschaft

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

a) Seats on other mandatory supervisory boards
b) Seats on similar national and international bodies

Klaus-Peter Müller

a) Fresenius Management SE

Fresenius SE & Co. KGaA

Linde Aktiengesellschaft
(until 31.12.2015)

b) Parker Hannifin Corporation

Uwe Tschäge

– –

Hans-Hermann Altenschmidt

a) BVV Pensionsfonds des Bankgewerbes AG

BVV Versicherungsverein des Bankgewerbes a.G.

b) BVV Versorgungskasse des Bankgewerbes e.V.

Dr. Nikolaus von Bomhard
(until 30.4.2015)

a) ERGO Versicherungsgruppe AG[1]
Chairman

Munich Health Holding AG[1]
Chairman

Gunnar de Buhr

– –

Stefan Burghardt

– –

Sabine U. Dietrich
(since 30.4.2015)

– –

Karl-Heinz Flöther

a) Deutsche Börse AG, Frankfurt am Main

Dr. Markus Kerber

a) KfW-Bankengruppe

b) Computershare Limited, Melbourne

Alexandra Krieger

a) AbbVie Komplementär GmbH

Evonik Resource Efficiency GmbH
(since 21.8.2015)

Oliver Leiberich

– –

[1] Seat on the board of a consolidated company.

Dr. Stefan Lippe

a) Acqupart Holding AG, Zug
Deputy Chairman

AXA S.A.

Celsius Pro AG
Chairman

Paperless AG
Chairman

Beate Mensch

a) Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft, Munich

Anja Mikus
(since 30.4.2015)

– –

Dr. Roger Müller

– –

Dr. Helmut Perlet

a) Allianz SE

GEA GROUP AG

Barbara Priester

– –

Mark Roach

– –

Petra Schadeberg-Herrmann
(until 30.4.2015)

a) Krones AG

b) Lindt & Sprüngli AG

Margit Schoffer

– –

Nicholas Teller

b) Air Berlin PLC & Co. Luftverkehrs KG

Dr. Gertrude Tumpel-Gugerell

b) Finanzmarktbeteiligung Aktiengesellschaft des Bundes, Vienna

Österreichische Bundesbahnen Holding AG, Vienna

OMV Aktiengesellschaft, Vienna

Vienna Insurance Group AG, Vienna

Employees of Commerzbank Aktiengesellschaft

Information pursuant to Art. 340a, (4), no. 1, of the German Commercial Code (HGB)
As of 31.12.2015

Dr. Marcus Chromik
(until 31.12.2015)

Düsseldorfer Hypothekenbank Aktiengesellschaft
(until 31.12.2015)

VALOVIS BANK AG
(until 31.12.2015)

Volker Ergler

Stadtwerke Viernheim GmbH

Gerold Fahr

Stadtwerke Ratingen GmbH
Chairman

Martin Fischedick

Borgers AG

Jörg van Geffen

Häfen und Güterverkehr Köln AG

Sven Gohlke

Bombardier Transportation GmbH

Christoph Heins

Commerz Real AG[1]

Jochen H. Ihler

Hüttenwerke Krupp Mannesmann GmbH

Marcus König

Städtische Werke Nürnberg Gesellschaft mit beschränkter Haftung

VAG Verkehrs-Aktiengesellschaft

Michael Kotzbauer

Hypothekenbank Frankfurt AG[1]

Werner Lubeley

TNT Express GmbH

Michael Mandel

Commerz Real AG[1]
Deputy Chairman

Schufa Holding AG

Fredun Mazaheri

VALOVIS BANK AG
(since 1.1.2016)

Dr. Annette Messemer

Commerz Real AG[1]

K+S Aktiengesellschaft

Stefan Nodewald

SCHWÄLBCHEN MOLKEREI Jakob Berz Aktiengesellschaft

Dr. Bettina Orlopp

Hypothekenbank Frankfurt AG[1]

Sabine Schmittroth

comdirect bank Aktiengesellschaft[1]

Dirk Schuster

Commerz Real AG[1]

Holger Werner

Commerz Real AG[1]

Rupert Winter

Klinikum Burgenlandkreis GmbH
Deputy Chairman

[1] Seat on the board of a consolidated company.

Glossary

Additional Tier 1 capital Additional Tier 1 capital consists of hybrid capital instruments that must meet certain requirements defined in the Capital Requirement Regulation (CRR). Additional Tier 1 represents the second-highest quality of regulatory capital.

Asset-backed securities (ABSs) Securities whose interest payment and repayment of principal are covered, or backed, by the underlying pool of receivables. As a rule, they are issued by a special-purpose entity in securitised form.

Back-testing A procedure for monitoring the quality of value at risk models. For this purpose, actual losses are compared with the forecast maximum loss over a lengthy period.

Banking book The banking book contains all banking transactions that are not allocated to the trading book.

Benchmark transactions/issues Reference measures such as indices used for example in portfolio management. They can be used firstly to determine the direction of the investment strategy, by providing the portfolio manager with guidance as to the portfolio composition, and secondly as a yardstick for investment success.

Capital Requirements Regulation (CRR)/Capital Requirements Directive (CRV IV) The CRD IV package, consisting of the Capital Requirements Regulation (CRR) and the associated directive (CRD), have transposed the Basel 3 rules into European law since 1 January 2014. The CRR applies directly in the European Economic Area (EEA) and contains regulatory requirements for banks and securities firm in respect of solvency, large loans, securitisations, liquidity, leverage and disclosure. The "technical standards" developed by the European Banking Authority (EBA) and European Commission define the details of these requirements. In contrast to the CRR, member states must transpose CRD IV into national law. In addition to rules on cooperation between supervisory authorities, it contains in particular the qualitative capital adequacy and valuation requirements under pillar 2 and the capital buffer requirements.

Collateralised debt obligations (CDOs) A type of ABS secured on a pool of different assets, in particular loans and other securitised bonds.

Commercial mortgage-backed securities (CMBSs) A type of ABS secured on commercial mortgages.

Common Equity Tier 1 capital Common Equity Tier 1 capital is the highest quality of liable equity capital under the CRR. It mainly comprises subscribed capital, the capital reserve and retained earnings. Various capital deductions are made from Common Equity Tier 1.

Common Equity Tier 1 ratio The Common Equity Tier 1 ratio is calculated as the ratio of Common Equity Tier I capital to total risk.

Confidence level The probability that a potential loss will not exceed the maximum loss defined by the value at risk.

Corporate governance Corporate governance establishes guidelines for transparent corporate management and supervision. The recommendations of the German Corporate Governance Code create transparency and strengthen confidence in responsible management; in particular, they serve to protect shareholders.

Coverage ratio The ratio of the sum of loan loss provisions and collateral to the default volume is the coverage ratio including collateral.

Credit default swaps (CDSs) A credit derivative used to transfer the credit risk from a reference asset (e.g. a security or loan). For this purpose, the buyer of protection pays the seller of protection a premium and receives a compensation payment if a previously specified credit event occurs.

Credit derivatives Financial instruments whose value depends on an underlying asset, e.g. a loan or security. As a rule, these contracts are concluded on an OTC basis. They are used for managing risk, among other things. The most frequently used credit derivative product is the credit default swap.

Credit valuation adjustments (CVAs) The default risk of counterparties in positive derivative positions.

Debit valuation adjustments (DVAs) The default risk of Commerzbank in negative derivative positions.

Default portfolio Portfolio containing loans classified as in default (as defined by the Basel regulations).

Deferred taxes Deferred taxes are future tax liabilities or tax assets resulting from temporary differences and from unused tax losses and tax credits. Such temporary differences include differences in the value of an asset or liability recognised for financial reporting or IFRS accounting purposes and the values recognised for tax purposes (the liability method), which balance each other out in later financial years and result in actual tax effects. Deductible temporary differences and unused tax losses and tax credits lead to deferred tax assets, while taxable temporary differences lead to deferred tax liabilities. Deferred tax assets/tax liabilities must be reported separately from actual tax assets/tax liabilities.

Derivatives Financial instruments whose value is determined by the price of an underlying asset (e.g. a security or loan) or by a market-based reference parameter (e.g. an interest rate or currency). Among other things, these instruments offer possibilities for hedging risk.

Equity method A method of accounting for equity investments carried as associated companies or jointly controlled entities in the consolidated financial statements. The company's proportional share of net profit/loss for the year is included in the consolidated income statement as current gain/loss on investments in companies measured at equity. The investments are recognised in the balance sheet at the proportional amount of the equity capital of the company measured at equity.

European Banking Authority (EBA) The EBA was established by the European Union as part of the European System of Financial Supervision. The EBA's remit includes in particular the development of technical standards of regulation and implementation and the production of guidelines and recommendations. The EBA also produces European standards of regulation and supervision, which form the framework for the competent national supervisory authorities.

European Financial Stability Facility (EFSF) The EFSF is one of the tools available to the European Union and the eurozone member states that are intended "to safeguard the financial stability of the entire euro currency area". As such, the EFSF is part of the package of measures generally referred to as the euro bailout fund. It is backed by guarantees of €750bn given by the eurozone countries and has a lending capacity of around €440bn.

European Securities and Markets Authority (ESMA) is an independent EU authority that helps safeguard the stability of the EU's financial system by ensuring the integrity, transparency, efficiency and orderly functioning of the securities markets and enhancing investor protection. The authority is headquartered in Paris.

European Stability Mechanism (ESM) A eurozone financial institution headquartered in Luxembourg whose mission is to stabilise the euro currency area. Since 1 July 2013 the ESM has been the sole institution providing financial assistance to eurozone member states. The EFSF ceased to be responsible for financing programmes or new lending facilities on that date.

Funding valuation adjustments (FVAs) Recognition at fair value of the funding costs or benefits of uncollateralised derivatives, as well as collateralised derivatives where there is only partial collateral or the collateral cannot be used for funding purposes.

Futures A futures contract is a binding agreement committing both parties to deliver or take delivery of a certain number or amount of an underlying security or asset at a fixed price on an agreed date. Unlike options, futures contracts are very strongly standardised.

Goodwill The difference between the purchase price and the value of the net assets acquired after disclosure of hidden reserves and unrealised losses when an equity investment is acquired or a company is taken over.

Hedging A strategy under which transactions are effected with the aim of providing protection against the risk of unfavourable price movements (interest rates, prices, commodities).

Internal capital adequacy assessment process (ICAAP) A process aimed at ensuring that banks have adequate internal capital to cover all material risks.

International Financial Reporting Standards (IFRS)/International Accounting Standards (IAS) Accounting regulations approved by the International Accounting Standards Board. The objective of financial statements prepared according to IFRS is to provide investors with internationally comparable information to help them reach a decision with regard to the company's asset and financial position and also its earnings performance.

Leverage ratio The leverage ratio is intended to measure regulatory core capital relative to total assets and off-balance-sheet positions, as adjusted in line with regulatory requirements. This ratio, which was introduced as part of the Basel 3 framework, will probably become a minimum supervisory requirement under pillar I from 2018, although it has had to be reported to the supervisory authority since the CRR entered into force.

Liquidity coverage ratio (LCR) The LCR will add to the Basel framework and its implementation in EU law a structural liquidity measure designed to ensure maturity-matched refinancing of assets. The LCR is expected to become a minimum supervisory requirement from 2018.

Mark to market Measurement of items at current, quoted market prices.

Net stable funding ratio (NSFR) The NSFR will add to the Basel framework a structural liquidity measure that measures whether less liquid asset positions requiring long-term financing are covered by an appropriate volume of long-term funding instruments. The NSFR is expected to become a minimum supervisory requirement from 2018.

Netting The offsetting of positions that cancel one another out in terms of amount or risk.

Options Options are agreements giving one party (the buyer of the option) the unilateral right to buy or sell a previously determined amount of goods or securities at a price established in advance within a defined period of time.

OTC Abbreviation for “over the counter”, which is used to refer to the off-the-floor trading of financial instruments.

Rating Standardised assessment of the creditworthiness of companies, countries or debt instruments issued by them, on the basis of standardised qualitative and quantitative criteria. The rating process forms the basis for determining the probability of default, which in turn is used in calculating the capital needed to back the credit risk. Ratings may be produced by the Bank itself (internal ratings) or by specialised rating agencies such as Standard & Poor’s, Fitch and Moody’s (external ratings).

Residential mortgage-backed securities (RMBSs) A type of ABS secured on private mortgages.

Reverse repos A reverse repo is an agreement to repurchase securities, as seen from the buyer’s perspective.

Risk-weighted assets The regulatory quantification of credit risks is performed by calculating risk-weighted assets. Two different approaches can be followed: the standardised approach and the internal ratings-based approach (IRBA). Under the IRBA, the level of RWA is calculated using exposure at default (EAD), the probability of default (PD) determined internally by the Bank and the loss given default (LGD). Under the standardised approach, exposure at default (EAD) is multiplied by a risk weighting laid down by the supervisory authority or based on counterparties’ external ratings.

Securitisation In a securitisation, receivables (such as loans, commercial bills or leasing receivables) are pooled and transferred to a buyer, usually a special-purpose vehicle (SPV). The SPV raises funds by issuing securities (e.g. ABSs). Repayment and the interest payments on the securities are directly linked to the performance of the underlying receivables rather than to that of the issuer.

STOXX The STOXX “family” of indices is a system of European benchmark, blue chip and sectoral indices.

Stress testing Stress tests are used to study the impact on risk positions of crisis-level changes on the capital markets. At Commerzbank, we draw a distinction between stress tests that consider a specific type of risk and integrated stress tests that incorporate all types of risk. As part of the risk-bearing capacity calculation, macroeconomic stress tests (scenario analyses based on macroeconomic forecasts) are conducted. The impact of macroeconomic conditions on both risk positions and capital components is examined.

Sustainability Sustainability describes business management on a long-term basis which is compatible with acceptable living conditions now and in the future. Its guiding objectives are environmental responsibility and balanced social relations.

Swaps Financial derivatives in which the swapping of payment flows (interest and/or currency amounts) is agreed over a fixed period. Interest rate swaps are used to exchange interest payment flows (e.g. fixed for floating rates). Currency swaps offer the additional opportunity to eliminate exchange rate risk by swapping amounts of capital.

Tier 1 capital Tier 1 capital consists of Common Equity Tier 1 capital and Additional Tier 1 capital.

Tier 1 ratio The Tier 1 ratio is the ratio of Tier I capital to risk-weighted assets (RWA).

Tier 2 capital Tier 2 capital ("supplementary capital") consists of capital instruments such as subordinated liabilities that must meet certain requirements defined in the CRR.

Total capital ratio The total capital ratio is the ratio of Tier 1 capital plus supplementary capital (Tier 2) to risk-weighted assets (RWA).

Total risk In calculating capital adequacy, regulatory capital is divided by total risk. The amount of total risk is the sum of all risk-weighted assets (RWA) and 12.5 times the capital adequacy requirements for the Bank's market risk, credit valuation risk on OTC derivatives (CVA charge) and operational risk.

Trading book Trading book positions are held for the purpose of being resold quickly with the aim of achieving a profit, and primarily consist of financial instruments, equity investments and tradable claims. Positions that are closely related to trading book positions with the aim of hedging trading book risks are also shown in the trading book.

Volatility Volatility describes the fluctuations in the value of a security or currency. It is often calculated in the form of the standard deviation of the price history, or implicitly from a price-setting formula. The higher the volatility, the riskier it is to hold the investment.

90 days past due A default criterion under the CRR. As such, commitments that are past due for more than 90 days (taking minimum claims limits into account) must be recorded as in default. At Commerzbank, these come under rating category 6.1.

Many other terms are explained in our online glossary at www.commerzbank.com.

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Information on the encumbrance of assets

The following disclosure is made pursuant to Article 100 in conjunction with Article 443 of the Capital Requirements Regulation (CRR), taking account of the recommendation of the European Systemic Risk Board on the funding of credit institutions (ESRB, 2012/2). According to the related guidelines of the European Banking Authority (GL/2014/03), an asset should be treated as encumbered if it has been pledged or is subject to any form of arrangement to secure, collateralise or credit-enhance any on-balance-sheet or off-balance-sheet transaction from which it cannot be freely withdrawn. Assets pledged that are subject to any restrictions in withdrawal, such as assets that require prior approval before withdrawal or replacement by other assets, should be considered encumbered.

The Commerzbank Group offers a wide range of standardised and customer-specific financial services for private, corporate, public-sector and institutional customers. The main triggers for the encumbrance of the Bank's assets are therefore as follows:

- Supplementing the funding of the Bank's lending business through covered bonds (particularly Pfandbriefe) and securitisations,
- Securities lending and repo transactions to fund the Bank's securities business,
- Derivatives business and associated posting of collateral,
- Provision of collateral for third-party funds lent by development banks for assets eligible for development assistance.

Commerzbank meets the standard overcollateralisation requirements for collateralised securities transactions and derivatives (for example under the ISDA Master Agreement and the German Master Agreement for Financial Futures). As well as fulfilling the requirements of the German Pfandbrief legislation, covered bonds issued by Commerzbank must also meet the more stringent overcollateralisation requirements of the rating agencies. The overcollateralisation of covered bonds in programmes that are being wound down has been reduced to the requirements of the Pfandbrief legislation and disclosed publicly.

The table below contains information on encumbered and unencumbered assets of the Commerzbank Group according to the CRR on the basis of the median value over the past four quarters of 2015:

€m	Encumbered assets		Unencumbered assets	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets	124,563		442,844	
Shares and other equity-related securities	22,397	22,397	13,952	13,865
Bonds, notes and other interest-rate-related securities	18,309	18,750	86,455	83,508
Other assets	83,857		342,437	

More than 50% of the unencumbered other assets may also be used to provide security or collateral. Assets that may not be encumbered include, in particular, loans secured by deposited securities, derivatives without collaterals or netting agreements and non-financial assets.

The breakdown of collateral received and own debt securities issued was as follows at the reporting date:

31.12.2015 | €m	**Fair value of encumbered collateral received or own debt securities issued**	**Fair value of collateral received or own debt securities issued available for encumbrance**
Collaterals received	**73,728**	**35,525**
Shares and other equity-related securities	9,401	8,678
Bonds, notes and other interest-rate-related securities	64,327	25,403
Other collaterals received	–	1,444
Own bonds issued by the Bank excluding own covered bonds and asset-backed securities	**–**	**3,370**

The liabilities associated or secured with encumbered assets were as follows at the reporting date:

31.12.2015 | €m	**Matching liabilities, contingent liabilities or securities lent**	**Assets, collateral received and own debt securities issued other than encumbered Pfandbriefe and ABSs**
Carrying amount of selected financial liabilities	**133,603**	**153,168**

Quarterly results by segment

1st quarter 2015 €m	Private Customers	Mittel-standsbank	Central & Eastern Europe	Corporates & Markets	Non-Core Assets	Others and Con-solidation	Group
Net interest income	429	444	135	320	149	−32	1,445
Loan loss provisions	−13	−35	−23	47	−97	−37	−158
Net interest income after loan loss provisions	416	409	112	367	52	−69	1,287
Net commission income	474	291	47	104	5	−6	915
Net trading income and net income from hedge accounting	–	26	20	251	152	111	560
Net investment income	1	1	47	2	−203	24	−128
Current net income from companies accounted for using the equity method	14	–	–	2	−2	–	14
Other net income	5	−2	5	−12	10	−27	−21
Income before loan loss provisions	*923*	*760*	*254*	*667*	*111*	*70*	*2,785*
Income after loan loss provisions	*910*	*725*	*231*	*714*	*14*	*33*	*2,627*
Operating expenses	740	383	139	412	105	178	1,957
Operating profit or loss	**170**	**342**	**92**	**302**	**−91**	**−145**	**670**
Restructuring expenses	–	–	–	50	16	–	66
Pre-tax profit or loss	**170**	**342**	**92**	**252**	**−107**	**−145**	**604**

2nd quarter 2015 €m	Private Customers	Mittel-standsbank	Central & Eastern Europe	Corporates & Markets	Non-Core Assets	Others and Con-solidation	Group
Net interest income	462	423	133	617	17	−54	1,598
Loan loss provisions	−21	−57	−24	−11	−142	−25	−280
Net interest income after loan loss provisions	441	366	109	606	−125	−79	1,318
Net commission income	442	262	56	99	6	−10	855
Net trading income and net income from hedge accounting	1	40	15	−210	−9	76	−87
Net investment income	1	−12	1	5	−9	75	61
Current net income from companies accounted for using the equity method	11	2	–	7	–	−3	17
Other net income	7	−10	3	13	−41	20	−8
Income before loan loss provisions	*924*	*705*	*208*	*531*	*−36*	*104*	*2,436*
Income after loan loss provisions	*903*	*648*	*184*	*520*	*−178*	*79*	*2,156*
Operating expenses	722	355	112	336	77	135	1,737
Operating profit or loss	**181**	**293**	**72**	**184**	**−255**	**−56**	**419**
Restructuring expenses	–	–	–	–	–	–	–
Pre-tax profit or loss	**181**	**293**	**72**	**184**	**−255**	**−56**	**419**

3rd quarter 2015 €m	Private Customers	Mittel-standsbank	Central & Eastern Europe	Corporates & Markets	Non-Core Assets	Others and Con-solidation	Group
Net interest income	535	404	145	250	−26	−116	1,192
Loan loss provisions	−5	−27	−28	−11	−74	−1	−146
Net interest income after loan loss provisions	530	377	117	239	−100	−117	1,046
Net commission income	439	265	56	67	2	−4	825
Net trading income and net income from hedge accounting	–	−18	25	95	154	38	294
Net investment income	−2	−50	−2	−1	2	14	−39
Current net income from companies accounted for using the equity method	11	1	–	2	–	1	15
Other net income	−6	−3	4	3	16	8	22
Income before loan loss provisions	*977*	*599*	*228*	*416*	*148*	*−59*	*2,309*
Income after loan loss provisions	*972*	*572*	*200*	*405*	*74*	*−60*	*2,163*
Operating expenses	732	357	99	328	68	135	1,719
Operating profit or loss	**240**	**215**	**101**	**77**	**6**	**−195**	**444**
Restructuring expenses	–	–	–	7	–	21	28
Pre-tax profit or loss	**240**	**215**	**101**	**70**	**6**	**−216**	**416**

4th quarter 2015 €m	Private Customers	Mittel-standsbank	Central & Eastern Europe	Corporates & Markets	Non-Core Assets	Others and Con-solidation	Group
Net interest income	450	404	153	524	30	−17	1,544
Loan loss provisions	25	−73	−22	11	−53	–	−112
Net interest income after loan loss provisions	475	331	131	535	−23	−17	1,432
Net commission income	416	272	56	97	2	−14	829
Net trading income and net income from hedge accounting	5	−14	10	−298	22	7	−268
Net investment income	−11	−4	30	69	−25	40	99
Current net income from companies accounted for using the equity method	32	3	–	1	–	–	36
Other net income	2	–	2	−7	6	−11	−8
Income before loan loss provisions	*894*	*661*	*251*	*386*	*35*	*5*	*2,232*
Income after loan loss provisions	*919*	*588*	*229*	*397*	*−18*	*5*	*2,120*
Operating expenses	759	376	148	350	43	68	1,744
Operating profit or loss	**160**	**212**	**81**	**47**	**−61**	**−63**	**376**
Restructuring expenses	–	–	–	–	–	20	20
Pre-tax profit or loss	**160**	**212**	**81**	**47**	**−61**	**−83**	**356**

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Lena Kuske, Manager of a Commerzbank branch in Hamburg

Disclaimer

Reservation regarding forward-looking statements

This Annual Report contains forward-looking statements on Commerzbank's business and earnings performance, which are based upon our current plans, estimates, forecasts and expectations. The statements entail risks and uncertainties, as there are a variety of factors which influence our business and to a great extent lie beyond our sphere of influence. Above all, these include the economic situation, the state of the financial markets worldwide and possible loan losses. Actual results and developments may, therefore, diverge considerably from our current assumptions, which, for this reason, are valid only at the time of publication. We undertake no obligation to revise our forward-looking statements in the light of either new information or unexpected events.

The German version of this Annual Report is the authoritative version and only the German version of the Group Management Report and the Group Financial Statements was audited by the auditors.

References made to persons in the masculine for reasons of readability apply equally in the feminine.

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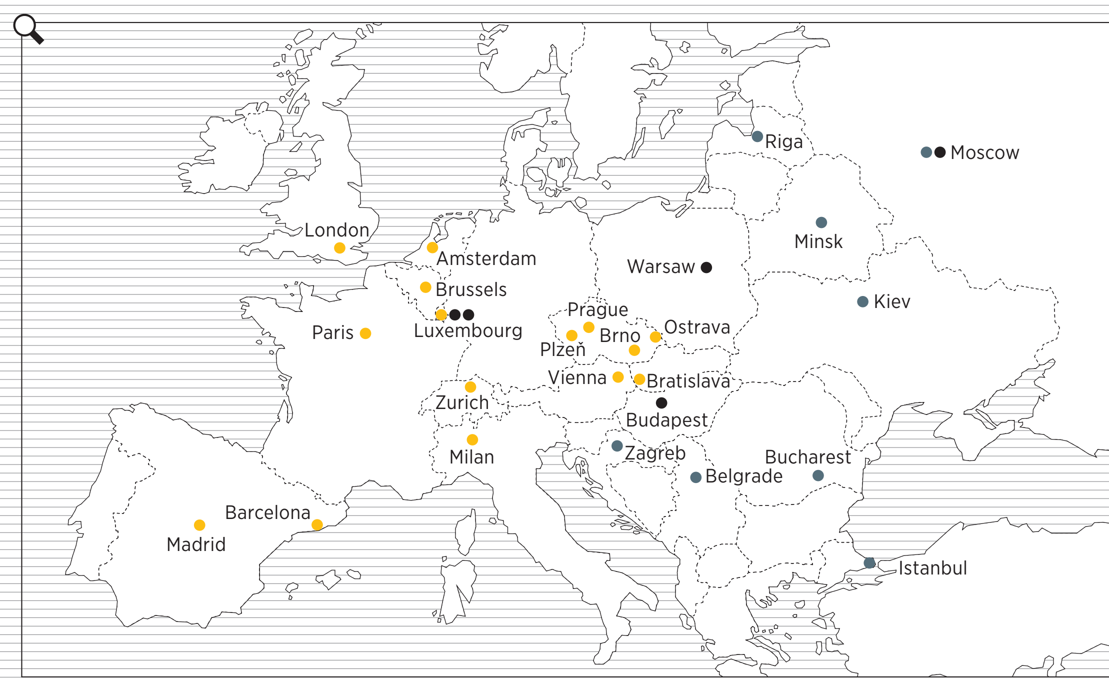

Commerzbank worldwide

Operative foreign branches	23
Representative offices	37
Group companies and major foreign holdings	6
Domestic branches in private customer business	~1,050
Business customer consulting centres	95
Foreign branches	339
Worldwide staff	51,305
International staff	12,400
Domestic staff	38,905

As at 31.12.2015

Five-year overview

Income statement | €m	**2015**	**2014[1]**	**2013**	**2012**	**2011**
Net interest income	5,779	5,357	6,161	6,487	6,724
Loan loss provisions	–696	–1,144	–1,747	–1,660	–1,390
Net commission income	3,424	3,260	3,206	3,249	3,495
Net trading income and net income from hedge accounting	499	596	–82	73	1,986
Net investment income	–7	82	17	81	–3,611
Current net income from companies accounted for using the equity method	82	44	60	46	42
Other income	–15	–577	–87	–77	1,253
Operating expenses	7,157	6,929	6,797	7,029	7,992
Operating profit	1,909	689	731	1,170	507
Restructuring expenses	114	61	493	43	–
Net gain or loss from sale of disposal groups	–	–	–	–268	–
Pre-tax profit or loss	1,795	628	238	859	507
Taxes on income	618	256	66	803	–240
Consolidated profit or loss attributable to non-controlling interests	115	106	91	103	109
Consolidated profit or loss attributable to Commerzbank shareholders	**1,062**	**266**	**81**	**–47**	**638**

Key figures					
Earnings per share (€)	0.88	0.23	0.09	–0.48	1.84
Operating return on equity[3] (%)	6.5	2.5	2.7	4.0	1.7
Return on equity of consolidated profit or loss[2,3] (%)	3.8	1.0	0.3	–0.2	2.2
Cost/income ratio in operating business (%)	73.3	79.1	73.3	71.3	80.8

Balance sheet | €bn	**31.12.2015**	**31.12.2014[1]**	**31.12.2013[1]**	**31.12.2012**	**31.12.2011**
Total assets	532.6	558.3	550.8	636.0	661.8
Total lending	230.4	241.2	246.7	272.8	303.9
Equity as shown in balance sheet	30.4	27.0	27.0	26.3	24.8

Capital ratios | %					
Core capital ratio	13.8	11,7	13.5	13.1	11.1
Total capital ratio	16.5	14.6	19.2	17.8	15.5

Long/short-term rating					
Moody's Investors Service, New York	Baa1/P-2	Baa1/P-2	Baa1/P-2	A3/P-2	A2/P-1
Standard & Poor's, New York	BBB+/A-2	A-/A-2	A-/A-2	A/A-1	A/A-1
Fitch Ratings, New York/London	BBB/F2	A+/F1+	A+/F1+	A+/F1+	A+/F1+

[1] Prior-year figures restated due to the launch of a new IT system plus other restatements.
[2] Insofar as attributable to Commerzbank shareholders.
[3] The capital base comprises the average Group capital attributable to Commerzbank shareholders.

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

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